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Printed for the use of the Colonial Office

Middle East
No. 59

CO 935 | 16

Secret

Aden

(1) The Government of Aden and its transfer to the Colonial Office.

(2) Estimates for Aden Protectorate Services.

CLOSED
UNTIL
1969

Papers

1935—1938

(*In continuation of Middle East No. 50 and No. 57 ; continued by Middle East No. 62.*)

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1935—1938

(In continuation of Middle East No. 50 and No. 57 ; continued by Middle East No. 62.)

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PAPERS RELATING TO THE GOVERNMENT OF ADEN, RELATIONS WITH THE ADEN PROTECTORATE, PERIM AFFAIRS, ESTIMATES FOR ADEN PROTECTORATE SERVICES.

A. GENERAL MATTERS.

1. Estimates.

78015/35 [No. 10].

No. 1.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 2nd December, 1935.)

[*Answered by Nos. 7 and 9*].

(No. 346.)

SIR, The Residency, Aden, 20th November, 1935.

I have the honour to confirm my telegram No. 338 dated the 8th November, 1935*, which reads as follows:—

"Your despatch dated 17th October, No. 197†. I. Divisible Expenditure (*a*) Civil Services £7,206 (*b*) Police £8,600. II. Protectorate Services (*b*) Political Staff £3,946, Leave passages and pension contribution £400, Travelling Allowance £700, (*c*) Expenditure on Protectorate Chiefs and Services, Presents and Entertainment £4,800, Stipends £3,860, College for Sons of Chiefs £1,740, Tribal Dispensaries £270, Inspector-General Lahej Trained Forces £55, Tribal Guards £600, Agricultural Demonstration and Experimental Plots £675, (*d*) Hodeida Mission £275, (*e*) Miscellaneous Expenditure, Secret Service £300, Political Secretary's bungalow maintenance £50, Politicai Secretary's bungalow taxes £11, Repatriation of Arabs £25, Contingencies £25, Lahej telephone rental £173, Political Officer's telephone £30, Resthouse caretaker and upkeep £50, Wireless Telegraph Establishment £220. III. Extraordinary expenditure, College for Sons of Chiefs £140, Agricultural Demonstration and Experimental Plots £75, Camp Kit £75, Replacements in Equipment Aden Guest House £20, Reinforcements and Improvements Dhala' Rest House £100."

"I will address you at an early date on the subject of the proposed new agricultural service and the increases and decreases in other services".

2. I have now to offer my observations in support of the various alterations proposed in these Estimates.

Item I (*a*). This item requires little comment. As will be seen the sums included are the usual, but Civil Services as last year includes an amount of £258 on account of the acting pay of the Political Secretary as Resident during my absence in the United Kingdom in connexion with the forthcoming transfer of the control of Aden to your care.

3. *Item II* (*b*): *Political Staff*. I assume that the Government of India will again appoint an officer to act as Political Secretary in my absence in view of the fact that Lieutenant-Colonel Lake is a member of the Colonial Service and I have therefore not included provision for acting pay for a Political Officer to perform the duties of Political Secretary.

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* 78015/35 [No. 7]: not printed.

† 78015/35 [No. 3]: not printed.

Reductions of £75, £90 and £60 have been made in the amounts provided for the emoluments of the 1st Political Officer, the Frontier Officer and the 2nd Political Officer, respectively, in view of the fact that some or all of the leave of these officers will be falling during the forthcoming financial year, and they will consequently not be drawing their duty and conveyance allowances.

Provision for leave passages and pension contribution shows a reduction. There will no doubt be a slight increase in the pension contribution payable by His Majesty's Government in the United Kingdom to the Somaliland Administration on account of Mr. Ingrams' annual increments, but I am not aware of the exact amount which should be provided.

Captain Seager and Captain Hamilton are both due for leave at the end of February of this year but in order to avoid having not more than two of the Political Staff on leave at the same time I propose that Captain Seager's leave should be deferred until Captain Hamilton returns. Captain Hamilton has suffered several illnesses during the year and it may be advisable to send him slightly in advance of his time. In any case the cost of his passage should fall in this year's estimate and I shall ask you for sanction to its being met from savings on this year's budget.

I am not aware whether you will be disposed to approve the application of the new leave and passage rules to the officers serving in Aden but should you give your sanction to this arrangement some readjustment of the amounts provided for emoluments of the Political Staff and for passages may be necessary, in particular Captain Hamilton asks that provision may be made for a passage for his wife if full passages are granted. He is not in a position to afford the half passage which will not be payable to him under existing regulations.

I have been able to make a reduction of £300 in the amount provided for travelling allowance this year in view of the fact that all three Political Officers will be on leave during part of the year. It is not possible to allow for a greater reduction as they will be here during the winter months which are most favourable for travelling.

I propose that in future the travelling expenses of all officers and servants should be charged to this vote, with the exception of the interpreter staff whose travelling allowance is paid from divisible expenditure.

I should like to emphasize that it is unlikely that any large permanent reduction can be made in this item and that it will probably be necessary to provide for the full £1,000 in 1937-38.

4. *Item II* (*c*). The most important changes that I propose in connexion with the Protectorate occur under this head which I consider should now be entitled Expenditure on Protectorate Chiefs *and Services*. It has long been my desire that the money spent on Presents and Entertainments should be diverted as far as possible to services of a more progressive nature, and your predecessor was good enough in his despatch No. 49 of 15th April* to express his entire agreement with this view. While it is true that the bulk of the money still goes mainly to the Chiefs under the items Presents, Entertainments and Stipends, nevertheless a considerable sum is now included for services which in the long run will without doubt be of greater value to the Protectorate. The provision for stipends cannot be reduced as the sums paid are fixed, but you will see that I have made a large reduction in the provision for presents and entertainments. Last year I imposed cuts of 5 per cent on presents and later on on entertainments. I have now found it necessary to impose a further cut of 10 per cent on these two items in order to meet the expenditure sanctioned for the present year for which no provision was made, *vide* page 4 of the enclosure to the copy of Treasury letter No. S.21238/09 of 23rd March† transmitted with your predecessor's despatch No. 49 of 15th April*.

The 5 per cent cut previously instituted caused no complaints from the Protectorate and I have at present no reason to believe that the further 10 per cent cut now instituted will cause any upset. It has always been held that the presents given are not a right, but entirely at the discretion of His Majesty's Government, and this has been pointed out to the Chiefs in the letters in which the successive cuts have been announced to them.

The savings are made up as follows:—

15 per cent cut on Presents	Rs.6,800
15 per cent cut on Entertainment	Rs.3,622
Abolition of Presents on occasion of Idd el Fitr ...	Rs.4,200
Reduction of daily allowance to five Political pupils from As.14 to As.10	Rs.450

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* No. 7 in Middle East No. 57. † No. 5 in Middle East No. 57.

5. *College for the Sons of Chiefs.* In view of the small number of boys who have attended the College this year there will be a saving on the item of £1,410 of some Rs.5,000 or Rs.6,000. During the first term of the year there were only seven boys. Three of these boys failed to return from their holidays for the second term but new entries have brought the numbers up to eleven and there are a few boys whose entry is under consideration. There are indeed definite signs that the College is gradually awakening more interest, but as you will have realized progress in these matters and in a country as conservative as the Aden Protectorate is bound to be slow.

A month or two ago I felt bound to accede to a request from the Officer Commanding British Forces that I should place the College building at his disposal during the emergency for the accommodation of the personnel of No. 203 Flying Boat Squadron, present circumstances having temporarily made the question of accommodation in Aden very acute. In the meantime the College has been housed in the Arab Guest House, and although these quarters are unsatisfactory they serve during the period of emergency though it is not possible to accommodate more than ten boys there.

In enclosure II to this despatch will be found the revised estimate in detail for the proposed expenditure of the College during the forthcoming year. Certain reductions have been made, principally under Other Charges, but the increase proposed is entirely caused by the suggested appointment of a Headmaster from the Sudan at £400 a year in accordance with the offer made by Sir Stewart Symes in his telegram No. 17 of 6th March transmitted with my despatch No. 68 of 20th March*. Experience of two terms has enabled Mr. Ingrams to come to more definite conclusions on the subject of staff. The original proposals for masters transmitted with Mr. Champion's despatch No. 104 of 10th May, 1933†, were that two teachers at Rs.80 a month should be recruited locally, but the recruitment of two trained masters from Zanzibar has proved a vast advance on anything that could have been achieved with two untrained local candidates whose education had been wholly in the urban atmosphere of the Government schools in Aden.

Sheikh Ahmed bin 'Abdulla ar Razeiqi who came as Headmaster has entirely justified his choice as a member of the staff. As I have informed you he is a trained rural teacher and has given a rural bias to the teaching which would not otherwise have been achievable. His services have been particularly valuable in the development of games, scouting, and outside occupations. In the classroom he is a competent teacher but requires direction and help which Mr. Ingrams does not feel he is competent to give. Mr. Ingrams explains that he can very well impress on the staff what he wants teaching and explain to them the spirit of his scheme but not being a teacher by profession he is unable to give that help which an experienced teacher could give. Sheikh Ahmed is young and has not got that judgment which comes with more mature experience, neither can he be expected to have the vision to grasp the full import of Mr. Ingrams' scheme and apply it without help. There is, however, no doubt that he is a valuable member of the staff and well qualified for the position of second master. No hardship to him is involved for his pay would remain the same and in fact he might in course of time have an opportunity of promotion to the higher post.

There is another aspect of the question which also induces me to ask your approval for the proposed recruitment of a Headmaster from the Sudan and that is that there is no other member of the Political Staff who has Mr. Ingrams' knowledge of how the school should be run and during that Officer's absence on leave no suitable supervision would be possible. A Headmaster of the calibre now suggested would be much more able to keep up and improve the efficiency of the College. This proposal does not mean that I think the College should be left without some supervision from a member of the Political Staff. As has been pointed out before, it is desirable that the contact between the College and the Political Staff should be close, and I hope that there will always be at least one Political Officer in Aden who is prepared to take an interest in the activities of the institution and to give guidance when it is required.

The second master recruited from Zanzibar, Sheikh Ghouth bin Ahmed, has of course less experience than Sheikh Ahmed. His work outside the classroom has been quite satisfactory and he has well supported Sheikh Ahmed in teaching the boys games and other occupations. He is not really however the type that Mr. Ingrams desired. His teaching work requires a good deal of stimulus and he has not got the same interest in the country and its people as Sheikh Ahmed. In these circumstances I propose to ask the Zanzibar Government that he may revert to their service at the end of his year's secondment and if it is necessary to appoint a third teacher Mr. Ingrams desires to obtain one who has been through the Bakht-er-Roda School in the Sudan. I enclose for your

* No. 55 in Middle East No. 57. † No. 110 in Middle East No. 46.

information a Memorandum from the Director of Education, Sudan, regarding the type of candidate required and it has now been possible to find a suitable one whose parents are willing to part with him.

In my telegram No. 338 dated the 8th November, 1935*, I gave the figure of £1,740 for the service of the College; this has now been revised to £1,710 and a further £30 added to the provision for Tribal Guards referred to in paragraph 7 below.

6. *Tribal Dispensaries.* This item shows a slight increase of £20. The amounts estimated are in fact the same as last year as will be seen in enclosure III to this despatch but last year owing to a mistake in estimating the amount was given as £250 as allowance was made for some of the money that will return to the Government through the sale of drugs. No great progress has been made so far this year in the prosecution of this scheme though I have recently addressed to you an indent for the drugs required. A plot of land has been purchased from the Settlement at Sheikh Othman near the Mission Hospital and I hope that the hostel will be erected in time to give a course of training to two pairs of new dispensers this financial year. It is probable that there will be savings under this head next year as it is hardly likely to be necessary to make any extensive purchases of drugs next year.

7. *Tribal Guards.* Progress has been made during the year by Captain Hamilton with the formation of Tribal Guards. The first detachment to be formed was in Haushabi territory where a force of twenty-nine was raised. This detachment may be said to be now well established and an accepted feature of the Haushabi Sultan's " administration."

The Fadhli detachment was raised a little later but is not yet entirely stabilized. The third detachment to be taken in hand was that of the Amir of Dhala'. The Amir is already under treaty obligation to provide a force of road guards and he has always been anxious to have trained soldiers. A detachment of a hundred guards has been raised here as in the Fadhli territory but their pay has not yet been put on a regular footing owing to shortage of funds. As you will observe from the detailed estimate which forms enclosure IV of this despatch the pay of these forces is very low but the vote for this year is not sufficient to allow of the payment of the Amiri guards on the scale allowed to the others, and for this reason the situation has been temporarily met by a grant-in-aid of Rs.100 to the Amir. I do not regard his arrangement as satisfactory but no other was possible in the circumstances.

As you will have been aware from the weekly Intelligence Summaries I have for some time interested myself in the situation in the Abyan oasis. Lahej and Abyan are the two most fertile oases in the western part of the Protectorate but while Lahej has prospered in view of the security established by the Sultan and largely also owing to his agricultural enthusiasm, Abyan which is watered by two wadis which frequently reach the sea has largely been turned into a desert by the internecine strife of the Fadhli and Lower Yafa'i tribes which has extended over the last sixty or seventy years. I made an attempt in the course of last year to bring this dispute to an end but the matter is fraught with a great many difficulties and a satisfactory solution has not yet been found. The two Sultans have, however, now arranged a two years' truce and one of the provisions of their agreement is that they should raise between them a force of 40 tribal guards to police the area. As a contribution to this new attempt at peace making I have agreed to the Tribal Guards for this area being taken in hand, trained and paid like the others. Such expenditure as will occur this year will be met out of savings under the vote. I sincerely trust it will be possible to allow the extra £230 expenditure for the development of the Tribal Guards service next year. I do not consider it advisable to allow any greater expansion of the system for the present, although this would no doubt be possible as far as the Chiefs are concerned, but I do not think it is feasible for one officer to control and consolidate much more than is provided for in these estimates.

In accordance with your telegraphic instructions savings of £400 will be made on the free issue of arms and ammunition for the present year and I hope to proceed with further reductions year by year.

8. *Agricultural Demonstration and Experimental Plots.* A start has now been made, albeit in somewhat embryonic form, in the development of Public Security, Education and Medical Services in the Protectorate. Despite its poverty-stricken condition the Aden Protectorate, like most tropical dependencies, depends on agriculture (if one excludes Government bounty) for its livelihood. The agricultural wealth, if such a term may be used, of the Protectorate is in crops and livestock, and while the latter is very important it is not possible in the present condition of affairs to do anything for its development.

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* 78105/35 [No. 7]: not printed.

It seems to me however that it might be possible to do something for the improvement of the crops. No agricultural survey has yet been made of the western part of the Protectorate, though Mr. Heald of the Egyptian Agricultural Department visited and reported on some of the agricultural areas of the Hadhramaut in 1919. In his report he laid emphasis on the necessity of the introduction of " fresh blood " as the seed used by the cultivators had been so inbred as to be extremely inferior. So much has been done by the ocular demonstration provided with demonstration and experimental plots by Agricultural Departments in other parts of the tropical Empire that I feel something could be achieved on these lines in the Protectorate. As in the other services progress is bound to be extremely slow. There has been comparatively speaking so little contact with civilization that the people are more backward, indeed more savage, than can readily be believed by those who have not seen the country. It might possibly be argued that in view of the slowness of progress it would be well to postpone any further attempts at progressive services till a later date, but even in the short time in which they have been working it is easy to see some little progress has been made in the other services. It is therefore for the very reason that progress is slow that I think time should not be lost in making an elementary beginning for doing something for the agriculture of the Protectorate. Another strong reason I have for commending this scheme is that it is definitely diverting some of the money to a large extent uselessly expended on the Chiefs to the benefit of the common people of the country.

The basis of the scheme consists in the establishment of four demonstration plots, one at Sheikh Othman in the Aden Settlement, and the other three in the Protectorate at Lahej, Abyan and Dhala. Sheikh Othman gardens are visited very largely by people from different parts of the Protectorate, and Lahej, Abyan and Dhala' are all situated on main trade routes. Other advantages of these places are that each of them can be reached from Aden by motor car and that there is comparative security in the situations to be chosen. Lahej and Abyan are coastal and Dhala is at a high altitude.

The plots would be used for growing imported seed of the varieties of crops at present grown, for experimenting with cheap fertilizers, and for endeavouring to introduce new crops, fruit, and garden produce. It is probable that suitable plots would be given free of charge by the Chiefs concerned.

The pivot of the scheme would be an Arab agricultural instructor. Mr. Ingrams has discussed the subject with Mr. Maxwell Darling who is now in Aden and who is of opinion that a suitable man could be recruited from the Sudan Agricultural Department. I have tentatively proposed in these Estimates expenditure on his personal emoluments of Rs.400 a month, this of course would have to be subject to discussion with the Sudan Government, but Mr. Maxwell Darling thinks the sum should be sufficient. His duties would be to supervise agricultural instruction in the College, to direct the demonstration plots and conduct agricultural propaganda in connexion with them, to undertake the business management of the plots and to keep records of yields and costs, to give his services to any other Chief who wishes to establish a plot in his territory and who will provide the plot, provide the necessary labour, and undertake to carry out the advice given. I propose that our contribution in such cases should be the provision of the seed and fertilizers and the services of the instructor. The instructor's duties would also include the collection of agricultural intelligence leading to a better informed conception of the agricultural resources of the Protectorate, and the furnishing of intelligence on the occurrence of locusts of which he would also be required to collect specimens. Detailed estimates appear in enclosure V.

The extraordinary expenditure of £75 asked for includes the purchase of tools and the purchase of three pairs of cattle. The travelling expenses of the agricultural instructor as of those of the staff of the College on their tours into the interior, tribal guards' instructors and wireless telegraph establishment, should I think in future be charged to the travelling expenses vote. The scales allowed are in practice those at present paid under Indian rules.

9. There is little comment that I need make under the heading Miscellaneous Expenditure. In view of the complete withdrawal of provision for contingencies in the present year's estimate it has been necessary to use £25 of the sum provided under the head Repatriation of Arabs for this purpose. This year I have provided £25 under each head.

The sum of £20 provided for the Rest Houses upkeep has proved insufficient. It has been found that owing to the heavy rains which occur in Dhala' damage to the mud-built Rest House is more severe than had been anticipated. I have increased the provision to £50 which includes the cost of a caretaker.

There is a small increase of £16 under the head Wireless Establishment. The cost of the salaries of the present establishment amounts to £198 and the balance is intended

for the hire of W/T apparatus when necessary from the Royal Air Force as approved in your predecessor's despatch No. 160 dated the 20th August, 1935*.

10. *Extraordinary Expenditure.* In accordance with the permission given in paragraph 2 of your predecessor's despatch No. 49 of 15th April, 1935†, I have included further provision of £75 for the purchase of camp kit.

In view of the loan of the College building it has not been possible to proceed with certain of the capital works more especially with construction of the bathing pool and for this reason a slight carry forward of the provision made in this year's estimates is asked.

I trust it will prove possible to allow the item of £100 which I have included for reinforcements and improvements to the Dhala' Rest House. When the original estimate was made the intention was to leave it to the contractor to build an entirely native construction but on later consideration I came to the conclusion that it would be more satisfactory to have plans drawn and to secure expert supervision. Although the accommodation provided by the building was not greater than I had originally asked for, the estimate was slightly more than the amount provided and I had accordingly to make modifications with a view to ensuring that the vote was not exceeded. I find, however, that it is necessary to revert to the original plan in its entirety as the building is at times exposed to heavy rains. I am addressing you separately on this subject in relation to the present year's Estimates, and with a view to reducing possible damage in future and to the improvement of certain features of the building I shall be grateful if the extra amount now asked for can be allowed.

Part of the amount will be used in the purchase of second-hand furniture which it has not been possible to provide out of funds so far sanctioned.

As regards the provision for new equipment in the Arab Guest House, I should perhaps explain that this building is a Government of India building and maintained from Indian funds. The building is of some historic interest as it was the first Residency in Aden and dates from the eighteen thirties or forties. It has however long been used as a guest house for minor Chiefs paying their annual visits to Aden and it is now under the control of the political side of the Aden administration. Strictly speaking I suppose that the building should have been transferred to His Majesty's Government some years ago but in view of the imminence of the transfer of Aden to the Colonial Office it does not seem worth while raising this issue now, and the provision asked for is not the maintenance of the building but for the replacement of some of its furniture and equipment which is in a deplorable condition as no renewals have been made for a long period.

11. *Revenue.* Some return is expected on the sale of drugs sold to tribal dispensaries. As you will be aware from Mr. Ingrams' report on the scheme transmitted with my despatch No. 70 dated 20th March, 1935‡, my present policy is to give one free issue of drugs on the establishment of a dispensary and after that to require the payment of half the cost. I propose in principle that this arrangement should be adhered to in future, but in view of the fact that the dispensers of the three established dispensaries find it difficult for one reason or another to make enough to pay half the cost I desire to make modifications in this rule rather than see the dispensaries disappear.

Once the agricultural demonstration plots are in working order it is to be expected that there will be a return from the sale of vegetables and the sale of seed, and this of course will be credited to the Colonial Office.

From the College the only regular revenue to be expected is from paying pupils. In the present year there is one paying pupil whose fees amount to Rs.200 for the year. There will also be no doubt occasional contributions from the Chiefs but they are not likely to be anything like as much as those received this year.

When the Dhala' Rest House is not required by civil or military officers I propose that it should be available for rent to other members of the European community in Aden, many of whom would benefit from a change in the hills. The fees I propose are Rs.3 a day for a single occupant and Rs.5 for a married couple.

12. Should you see your way to giving your approval to the recruitment of a Headmaster from the Sudan for the College and to the institution of the scheme for the agricultural demonstration and experimental plots, I should be grateful if I might receive your telegraphic sanction as early as possible so that the necessary enquiries can be made from the Sudan in sufficient time to enable the proposals to take effect from the beginning of next financial year.

I have, &c.,

B. R. REILLY,

Resident, &c.

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* 78056/35 [No. 7]: not printed. † No. 7 in Middle East No. 57. ‡ No. 64 in Middle East No. 57.

Enclosure 1 in No. 1.

ADEN (M.E.S. VOTE).

ESTIMATE OF THE AMOUNT REQUIRED IN THE YEAR ENDING 31ST MARCH, 1937, FOR POLITICAL SERVICES IN ADEN.

	Sanctioned, 1935–36.		*Proposed, 1936–37.*		*Remarks.*
	£	*Total.* £	£	*Total.* £	
I.—*Contribution by His Majesty's Government in Great Britain to the Government of India in respect of :—*					
(*a*) 1. *Civil Services*	4,885		4,831		Includes £100 for Residency furniture.
2. *Civil Hospital :*					
(*a*) Contribution to	1,875		1,875		
(*b*) Share of any capital expenditure	500		500		
		7,260		7,206	
(*b*) *Re-organized Police Force :*					
(1) Contribution to	8,000		8,000		
(2) Rent of buildings	500		500		
(3) Share of capital expenditure ..	100		100		
		8,600		8,600	
II.— (*a*) *Aden Protectorate Levies*	17,220		—	—	
		17,220			
(*b*) *Political Staff :*					
(i) Political Secretary	1,250		1,190		
(ii) 1st Political Officer	940		960		
(iii) Frontier Officer	920		883		
(iv) 2nd Political Officer	920		913		
		4,030		3,946	
(v) Leave Passages and Pension Contribution (for Mr. Ingrams) ..	397	397	400	400	
(vi) Travelling Allowance	1,000	1,000	700	700	
(*c*) *Expenditure on Protectorate Chiefs and Services :*					
(i) Presents and Entertainment ..	5,900	5,900	4,800	4,800	
(ii) Stipends	3,860	3,860	3,860	3,860	
(iii) College for Sons of Chiefs—Recurrent (including maintenance of building)	1,410	1,410	1,740	1,710	
(iv) Tribal Dispensaries — Recurrent (including maintenance of building)	250	250	270	270	
(v) Inspector-General, Lahej Trained Forces	55	55	55	55	
(vi) Tribal Guards	400	400	600	630	
(vii) Agricultural Demonstration and Experimental Plots	—	—	675	675	
(*d*) *Hodeida Mission*	250	250	275	275	
(*e*) *Miscellaneous Expenditure :*					
(i) Secret Service	300	300	300	300	
(ii) Political Secretary's bungalow—maintenance	50	50	50	50	
(iii) Political Secretary's bungalow—taxes	11	11	11	11	
(iv) Repatriation of Arabs	50	50	25	25	
(v) Contingencies	—	—	25	25	
(vi) Lahej Telephone Rental ..	173	173	173	173	
(vii) Political Officer's Telephone ..	30	30	30	30	
(viii) Rest House—Caretaker and upkeep	20	20	50	50	
(ix) W/T Establishment—Recurrent	204	204	220	220	
III.—*Extraordinary Expenditure :*					
(i) College for Sons of Chiefs ..	—	—	140	140	
(ii) Agricultural Demonstration and Experimental Plots	—	—	75	75	
(iii) Camp kit	—	—	75	75	
(iv) Replacements in equipment—Aden Guest House	—	—	20	20	
(v) Re-inforcement and improvements —Dhala' Rest House	—	—	100	100	
TOTAL		£51,470		£34,421	

Enclosure 2 in No. 1.

Approved, 1935–36.	*Proposed, 1936–37.*	*Item.*		*Approved Estimate, 1935–36.*	*Total.*	*Revised Estimate, 1935–36.*	*Total.*	*Estimate, 1936–37.*	
								Proposed.	*Total.*
			II (*c*) (iii)—College for Sons of Chiefs.						
			(A) Personal Emoluments.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—	1	1	Head Master, £400					5,334	
1	—	2	Head Master, Rs. 150–10–200[1]			1,815		1,935	
—	—	3	Duty allowance to Head Master, Rs. 30/- per mensem ..	1,470		360		360	
1	—	4	Second Master, Rs. 75–5–100[2]	1,200		788		150	
—	—	5	Duty allowance, Rs. 25/- per mensem			263		50	
1	—	6	Third Master, Rs. 50–5–80[3]	600		600		600	
1	—	7	Usher, Rs. 200/- per mensem	2,400		2,400		2,400	
1	—	8	Medical Officer—allowance, Rs. 100/- per mensem for 8 months	800		800		800	
—	—	9	Menial Staff :—						
1	—		Tailor, @ Rs. 60 for 8 months[4] ..			480		480	
1	1		Cook, @ Rs. 40 for 8 months @ Rs. 10 for 4 months			360		360	
1	1		Dhobi, @ Rs. 30 for 8 months[4] ..			240		240	
1	1		Porter, @ Rs. 25 for 12 months ..			300		300	
1	1		Sweeper, @ Rs. 18 for 12 months ..			266		216	
1	1		Sweeper, @ Rs. 18 for 8 months ..			144		144	
1	1		Gardener, @ Rs. 15 × 1–20 × 2–30 for 5 months[5]	2,150		105		190	
					8,620				13,559
			(B) Other Charges.						
		10	Passages	400		400		300	
		11	Working expenses (food, fuel, etc.) ..	3,000		3,000		3,400	
		12	Equipment and furniture	150		150		150	
		13	Clothing and bedding	150		150		150	
		14	Scholastic materials, sports and games requisites	400		400		200	
		15	Travelling expenses for students from distant districts	400		400		300	
		16	Extra assistance	600		600		200	
		17	Rates and taxes	324		324		324	
		18	Pension contributions	400		400		760	
		19	Students in training at Khartoum ..	720		720		320	
		20	Incidental expenses	936		936		237	
		21	Telephone	400		400		400	
		22	Maintenance of buildings and electrical installation	1,700		1,700		2,000	
		23	Light, water and conservancy ..	600		600		500	
					10,180				9,241
			Total					Rs.	22,800

[1] Second Master in 1936–37.

[2] For 2 months in 1935–36. Appointment to terminate in 1936–37.

[3] Not appointed in 1935–36.

[4] Will in future be paid Rs. 40/- per mensem and Rs. 20/- per mensem for 12 months, respectively. The dhobi usually works into the holidays for a short time, the excess being met from saving.

[5] For 7 months in 1935–36.

Enclosure 3 in No. 1.

	Estimate, 1935–36.		*Estimate*, 1936–37.	
	Proposed.	*Total.*	*Proposed.*	*Total.*
II (*c*) (iv)—TRIBAL DISPENSARIES.				
RECURRENT EXPENDITURE.				
(*A*) *Personal Emoluments.*	Rs.	Rs.	Rs.	Rs.
1. Remuneration to Keith Falconer Mission	500		500	
2. Warder and Teacher	300		300	
3. Cook	120		120	
		920		920
(*B*) *Other Charges.*				
1. Maintenance of building	40		40	
2. Working expenses (food, fuel, etc.) ..	270		270	
3. Light, water and conservancy	60		60	
4. Incidental expenses	10		10	
		380		380
Establishment and Maintenance of Dispensaries.				
Other Charges.				
1. Drugs, instruments, etc.	2,400		1,800	
2. Books, stationery, etc.	100		100	
3. Special grants	100		100	
4. Travelling expenses (Dr. Napier) ..	200		200	
5. Incidental expenses	100		100	
		2,900		2,300
TOTAL		Rs. 4,200		Rs. 3,600=£270

Enclosure 4 in No. 1.

Approved, 1935–36.	*Proposed, 1936–37.*	*Item.*		*Approved Estimate, 1935–36.*	*Total.*	*Estimate, 1936–37.*	
						Proposed.	*Total.*
			II (*c*) (vi)—TRIBAL GUARDS.				
			RECURRENT EXPENDITURE.				
			(*A*) *Personal Emoluments.*				
			Staff.	Rs.	Rs.	Rs.	Rs.
1	1	1	Senior Instructor	600		600	
—	1	2	Junior Instructor	—		360	
					600		960
			Haushabi Detachment.				
1	1	3	Officers @ Rs. 6/- per month ..	72		72	
4	4	4	Non-Commissioned Officers @ Rs. 3/- per month	144		144	
24	24	5	Privates @ Rs. 2/- per month ..	576		576	
					792		792
			Fadhli Detachment.				
3	3	6	Officers @ Rs. 6/- per month ..	216		216	
9	9	7	Non-Commissioned Officers @ Rs. 3/- per month	324		324	
88	88	8	Privates @ Rs. 2/- per month ..	2,112		2,112	
					2,652		2,652
			Amiri Detachment.				
3	3	9	Officers @ Rs. 6/- per month ..	1,200		216	
9	9	10	Non-Commissioned Officers @ Rs. 3/- per month			324	
88	88	11	Privates @ Rs. 2/- per month ..			2,112	
					1,200		2,652
			Abyan Detachment.				
2	2	12	Officers @ Rs. 6/- per month ..	144		144	
4	4	13	Non-Commissioned Officers @ Rs. 3/- per month	144		144	
34	34	14	Privates @ Rs. 2/- per month ..	816		816	
					1,104		1,104
			(*B*) *Other Charges.*				
—	—	15	Instructor's clothing and incidental expenses	—	—	240	240
			TOTAL ..	Rs.	6,348*	Rs.	8,400=£630

* No excess will be caused on this year's vote as the bulk of the services have not been in operation for a full year.

Enclosure 5 in No. 1.

Proposed, 1936–37.	*Item.*		*Estimate, 1936–37.*	
			Proposed.	*Total.*
		II (*c*) (vii)—Agricultural Demonstration and Experimental Plots.		
		Recurrent Expenditure.		
		(*A*) *Personal Emoluments.*	Rs.	Rs.
1	1	Agricultural Instructor @ Rs. 400/- per month	4,800	
4	2	Gardeners @ (Rs. 15 × 1–20 × 2–30)	1,200	
3	3	Cattlemen @ Rs. 15/–	540	
				6,540
		(*B*) *Other Charges.*		
	4	Purchase of seed and fertilizers	500	
	5	Upkeep of tools	60	
	6	Upkeep of cattle	100	
	7	Cattle fodder	420	
	8	Incidental and unforeseen expenditure	1,380	
				2,460
		Total	Rs.	9,000=£675

Enclosure 6 in No. 1.

Remarks of Director of Education, Sudan Government, on Aden Despatch No. 4549 dated 2nd July.

1. I have studied the record of the proposed candidate, Abdullah Salim Ba Sudan, for training in the Elementary Teachers Training College. He appears to have had an education similar to that given in our Intermediate Schools. The course at Bakht-er-Roda is comparable to an Intermediate School course, *but* with a strong agricultural and scientific bias, no English, and a country as opposed to a town atmosphere. Practice in teaching and a study of the theory of teaching is concentrated in the last year.

2. With his present education and having regard to his age (18) Abdullah Salim Ba Sudan would not, in my opinion, be happy if he were to take a full four-year course at Bakht-er-Roda. Most of the boys in the first year would be considerably younger than he, and although judging from the syllabus of the Anglo-Vernacular School, he would be as ignorant as they in Natural Science, Agriculture, Hygiene, etc., in other subjects such as Arithmetic, Geography, etc., he would be far in advance.

3. It would be possible, however, to accept him into the 4th Year (January 1936) and to give him a year's professional training as a teacher. It is, I suggest for Aden to say whether he has now enough general education for their future purposes. We should restrict ourselves entirely to his professional training. It would also be possible to arrange special practice in the *teaching* of English, if his present knowledge of English is sufficiently advanced. (See paragraph 9 below).

4. If, under these conditions, Aden should decide to send Abdullah Salim to us for a year's teacher's training, I would suggest that he comes a month or two before the new year (i.e., in October or November) in order that he may have time to settle down in his new surroundings.

5. I do not consider that he should be given more than PT.20 per month pocket money whilst at Bakht-er-Roda, but he would need money for the journey, and for clothes, and if he were sent to an Intermediate School for teaching practice in English, after his course at the Training School. There is also his keep during holidays. I would suggest that, as in the case of the Somali boys under training in the College, some one in authority should be responsible for the issue of money to him as required.

6. I should like to raise the general question of the type of boy sent for training. I note on page 6 of Mr. Ingrams' memorandum, this sentence " The whole colouring of the scheme must be that of the tribal atmosphere and not that of the town Arab, still less of the Europeanized Native ".

If this is so, it does not appear to me likely that a suitable teacher will be got from the Government Anglo-Vernacular School, Aden. I am judging entirely by the memorandum of Mr. Ingrams and the syllabus of the Anglo-Vernacular School. With the type of scheme Mr. Ingrams has in mind it seems to me one must either have the very well educated teacher (e.g. the best type of Gordon College staff) who, although a town Arab with a literary education, nevertheless has the brains and vision to grasp Mr. Ingrams' Scheme and apply it: or one must employ the less-educated but brought-up-in-the-country atmosphere type of boy who will take naturally to Mr. Ingrams' ideas. The town High School boy seems to me the worst choice.

7. As far as our training school at Bakht-er-Roda is concerned, we cannot of course boast of a wholly tribal atmosphere; the Europeanized native teacher is there; but I imagine Bakht-er-Roda is more in the line of what Mr. Ingrams wants than the Anglo-Vernacular School, Aden. I suggest, that a more suitable candidate would be a boy of (say) 14-16, who had completed a four-year Elementary Course in Arabic reading, writing and Arithmetic and who would go to Bakht-er-Roda for a full four-years' course—three years general education and one year professional training.

8. It should, however, be noted that at present no English is taught at Bakht-er-Roda, and that to reach a sufficiently high standard to be able to teach it requires a very considerable amount of time spent on it over a large number of years. Intermediate School teachers in the Sudan have eight years of English, and English is the main subject of school study. It would be quite impossible to give the boy this much knowledge of English at Bakht-er-Roda, even with special tuition, without his general education being most seriously damaged. In fact one may say that for a native to teach English (not merely to know English) he must have had a comparatively advanced education. At present this advanced education is only obtainable at the cost of Europeanizing him. It is for Aden to choose which they consider the more important.

9. I should suggest that the whole question of training teachers as outlined above be laid before the authorities at Aden and the decision left with them. I enclose a copy of the latest note* on Bakht-er-Roda which I hope will enable them to come to a decision.

78015/35 [No. 14].

No. 2.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 6*].

SIR, Downing Street, S.W.1, 22nd January, 1936.

I am directed by Mr. Secretary Thomas to refer to the letter from this Department of the 26th November last† regarding the estimate of the sum required to be inserted in the Aden Sub-Head of the Colonial and Middle Eastern Services Vote, 1936, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch‡ (with its enclosures) which has been received from the Resident at Aden submitting details of the provision required in respect of the coming year. The Resident's figures have been revised in certain respects and a summary statement showing the provision proposed for 1936 is enclosed, together with detailed statements in regard to the various items. Details in respect of Part III of the Colonial and Middle Eastern Services Estimate have been forwarded separately to the Estimates Clerk.

2. The Secretary of State has the following comments and explanations to offer on the Estimates as now submitted.

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* Not printed. † 78015/35 [No. 9]: not printed. ‡ 78015/35 [No. 11]: not printed.

Item I (*a*) (*1*).—It is proposed that the Resident should come on leave next summer in order to discuss the numerous questions which will arise in connexion with the impending transfer of the Aden Settlement to the charge of the Colonial Office. The Political Secretary, Lieutenant-Colonel Lake, will again act as Resident and a sum of £270 has been provided for his additional pay whilst acting as Resident. The calculation on which this additional pay is based is the same as that which has been approved on previous occasions.

Item I (*a*) (*2*).—*Civil Hospital Capital Expenditure.*

Item I (*b*) (*3*).—*Armed Police Capital Expenditure.*—Attention is invited to the letter from this Department of the 17th January* enclosing copies of correspondence with the India Office and the Government of India on the subject of revised proposals for capital expenditure. A reply is at present awaited from the Government of India, and the Secretary of State will, of course, consult the Treasury regarding any revised arrangements. For the moment it is only possible to make provision on the same basis as heretofore.

Item II (*a*).—*Tribal Levies.*—The provision under this Item is made up as follows:—

	£
Normal provision on basis of previous years	17,140
Provision for increase of one British officer and 31 other ranks ...	1,950
Provision for permanent increase in the establishment of the Levies	18,000
	£37,090

I am to enclose a copy of a letter† from the Air Ministry forwarding the detailed estimates. These contain the normal provision made in previous years and in addition a sum of £1,950 in respect of the additional British officer and 31 other ranks. A detailed estimate of the cost in respect of the 31 other ranks was forwarded by the Air Ministry to this Department in their letter of the 13th November‡. A copy of that communication was sent to the Treasury in the letter from this Deparment of the 16th December§. The Air Ministry have still to supply details in explanation of the increase of the figure for additional personnel from £1,360 to £1,950. This information will be forwarded to their Lordships as soon as it is received.

Provision has also been made in respect of the permanent increase in the establishment of the Levies which was recently considered by the Oversea Defence Committee. A letter was addressed to the Air Ministry on this question on the 11th January|| stating that the Secretary of State was of opinion that approval should be given for the proposed reorganization to be put in hand with effect from the beginning of the next financial year, and enquiring whether the Air Council concurred in this view. A copy of this letter was sent to the Treasury on the same date¶. Subject to the concurrence of the Air Council in the views expressed by the Secretary of State, Mr. Thomas trusts that their Lordships will approve the necessary provision, viz., £18,000, in the Estimates in order that the necessary reorganization may be commenced at the 1st April next. The detailed estimates in respect of the reorganization were circulated to the Treasury by the Oversea Defence Committee prior to the meeting of that Committee on the 17th December last. In addition, further details were sent to the Treasury in Mr. Blaxter's letter to Mr. Bridges of the 14th December**. It will be seen that the total sum required in the first year is £20,168. Provision has, however, already been made for an additional British officer and 31 other ranks. The figure has, therefore, been reduced to a round sum of £18,000.

Item II (*b*) (*1*).—*Political Secretary.*—Provision is made for the salary and allowances of the Political Secretary for eight months and for the sum which will need to be paid to the Government of India in respect of the Indian Service official who will act as Political Secretary while Lieutenant-Colonel Lake acts as Resident. It is presumed that the Government of India will wish to appoint an Indian official to act as Political Secretary during this period as they did last year and that the financial arrangement with the Government of India will be the same as on the previous occasion. Attention is invited to Treasury letter No. E. 19172/4 of the 28th August, 1935††.

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* 78029/35 [No. 5]: not printed. † Printed in M.E. No. 62. ‡ 78047/35 [No. 21]: not printed.
§ 78047/35 [No. 28]: not printed. || 78047/36 [No. 3]: not printed.
¶ 78047/36 [No 4]: not printed. ** 78047/35 [No. 26]: not printed.
†† 78065/35 [No. 26]: not printed.

Item II (*c*) (3).—Provision has been made for the engagement of a new headmaster from the Sudan at a salary of £400 per annum. The Secretary of State recognizes that in view of the small number of pupils at present attending the College, and seeing that the College is at present housed in temporary quarters, this proposal may at first sight appear unnecessary. On the other hand, as soon as the present emergency ceases the College will return to its proper quarters and, moreover, it is essential, if the College is to become a successful institution, that there should be a good headmaster. The Advisory Committee on Education in the Colonies has from the first been in favour of the appointment of a headmaster from the Sudan, but in response to representations from the Resident, the Secretary of State agreed that a headmaster from Zanzibar should be tried as a first step. The Resident himself now realizes that a more adequately trained man is essential. In the circumstances, the Secretary of State supports the Resident's proposal. It will be seen, however, that provision is also made for a third master. Having regard to the present position, it would not appear necessary for a third master to be engaged and this provision has therefore been deleted.

Item II (*c*) (7).—Mr. Thomas supports the Resident's proposal to establish agricultural demonstration and experimental plots. Their Lordships will observe that a reduction has been made in the provision for presents, etc., to Protectorate Chiefs, and Mr. Thomas considers it desirable that some of the money saved in that direction should be employed in making a start with more progressive services.

Item II (*c*) (8).—*Road Fund*.—In paragraph 8 of the Resident's despatch No. 351 of the 20th November* he mentioned the formation of a Road Fund and the grant by Government of a sum of £300 to form a nucleus for the fund. In his reply of the 6th January† the Secretary of State informed the Resident that, if he decided to proceed with this proposal, he should furnish as soon as possible full details of the scheme in order that the possibility of including some provision in the Estimates for 1936–37 could be considered. A copy of the Resident's despatch and the Secretary of State's reply was sent to the Treasury in the letter from this Department of the 7th January‡. Since it will be necessary for this question to receive further examination by the Resident, it is unlikely that a reply will be received from him for some weeks. In the circumstances, Mr. Thomas requests that their Lordships will agree to the inclusion of a sum of £300 in the Estimate on the understanding that no expenditure will be incurred without further consultation with them.

3. I am to request that their Lordships will approve the Estimate as now submitted in the summary statement which accompanies this letter.

4. No provision has been made in this Estimate in respect of any civil emergency expenditure which may be required in the coming financial year if the Italo-Ethiopian crisis continues.

I am, &c.,

H. R. COWELL.

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* No. 8 in Middle East No. 57. † No. 9 in Middle East No. 57. ‡ 78071/35 [No. 16]: not printed.

Enclosure 2 in No. 2.

ADEN ESTIMATES 1936.

Summary Statement (details on separate sheets), *corresponding to Part III of the Colonial and Middle Eastern Services Vote.*

	1936.	1935.
Subhead I.—Aden.	£	£
I.—(*a*) Civil Services, etc., and contribution to Civil Hospital ..	7,218	7,260
(*b*) Police, including share of capital expenditure	8,600	8,600
II.—Protectorate Expenditure.		
(*a*) Tribal Levies	37,090	17,220
(*b*) Political Staff :—		
Political Secretary	1,290	1,250
Political Officers (3)	2,740	2,780
Pension Contribution (£136); Leave Passages (£264); Travelling Expenses (£775); Accommodation (£311); Telephone (£30)	1,516	1,563
(*c*) Expenditure on Protectorate Chiefs and Services	12,430	12,670
(*d*) Hodeidah Mission	275	250
(*e*) Miscellaneous Expenses	693	807
	£71,852	£52,400
Subhead J.—Appropriations-in-Aid.		
Government of India—contribution	20,122	13,600
Receipts—Protectorate College (£10); Levies (£40)	50	170
	£20,172	£13,770
Exchequer Extra Receipts.		
Details on Statement D	£1,330	£1,400

ADEN 1936/37.

	1935/36	1936/37		
		Resident.	*C.O.*	*Notes.*
	£	£	£	
I (*a*) (1) *Civil Services* :—				Includes :—
Salaries and Expenses ..	4,885	4,831	4,843	(1) £100 for furniture. (2) £270, moiety of Col. Lake's pay whilst acting as Resident, *vide* Statement A attached. (3) Increased pay of Confidential Clerk.(C.O. to Treasury 4.1.36 —78094/35 [No. 2]).
(2) *Civil Hospital* :—				
Contribution	1,875	1,875	1,875	Treas. S.37467/2—31.8.34 (No. 37946/34 [No. 11]).
Capital Expenditure ..	500	500	500	Normal provision but certain new proposals by the Govt. of India are under consideration. (C.O. to Treas. 17.1.36 —78029/35 [No. 5]).
Sub-total	£7,260	7,206	7,218	
(*b*) *Armed Police* :—				
(1) Contribution	8,000	8,000	8,000	Treas. S.32553—9.8.29 (No. 69297/29 [No. 128]).
(2) Rent of Buildings	500	500	500	Treas. S.37467—1.2.33. (No. 17905/33 [No. 1]).
(3) Capital Expenditure	100	100	100	Normal provision but certain new proposals by the Govt. of India are under consideration. (C O. to Treas. 17.1.36 —78029/35 [No. 5]).
Sub-total	£8,600	8,600	8,600	

	1935/36	1936/37 Resident.	1936/37 C.O.	Notes.
II—*Protectorate Expenditure :—*	£	£	£	
(*a*) Tribal Levies	17,220	—	17,140	Normal.
	—	—	1,950	Additional British Officer and 31 O.Rs.
	—	—	18,000	Additional for reorganization. (C O. to Treas. 11.1.36—78047/36 [No. 4]).
Sub-total	£17,220	—	37,090	
(*b*) (1) Political Secretary	1,250	1,190	1,290	See Statement A attached.
(2) Political Officers	940	960	2,740	
	920	900		
	920	880		
(3) Pension Contributions and cost of leave passages ..	397	400	400	See Statement B attached. Allowance has been made for possible improved leave and passage conditions. (Treas. E.19172/4—10.7.35, No. 20459/6/35 [No. 11]).
(4) Travelling Expenses (including camp equipment included in 1935/36 estimates under " Miscellaneous ").	1,075	775	775	Reduced provision for travelling (£700) on account of leave of Political Officers. Camp Equipment (£75) balance of £150 asked for in 1935/36.
(5) Cost of accommodation for Political Staff :—				
Political Secretary's bungalow, maintenance and taxes.*	61	61	61	
Accommodation for political officers.	—	—	250	See C.O. letter 78044/35 [No. 2] of 10.1.36.
(6) Political Secretary's telephone*	30	30	30	
Sub-total	£1,563	—	1,516	
(*c*) *Expenditure on Protectorate Chiefs and Services.*				
(1) Presents, etc.	5,900	4,800	4,800	See para. 4 of Resdt. despatch.
(2) Stipends	3,860	3,860	3,860	
(3) Aden Protectorate College for sons of Chiefs :—				
Recurrent	1,410	1,710	1,665	Treas. S.38358—29.11.34, No. 37970/34 [No. 16]. Reduction of £45 from Resident Estimate due to elimination of provision for third master.
Capital	720	140	140	
(4) Dispensaries :—				
Recurrent	250	270	210	Resident's estimate for purchase of drugs (Rs.1800).
Capital	75	—	—	Reduced by Rs.800 (£60).
(5) Allowance to Inspector-General, Lahej Forces ..	55	55	55	(S.31885/05/2 — 29.9.34, No. 37951/34 [No. 5].)
(6) Tribal Guards	400	630	630	(S.21238/09—23.3.35, No. 78072/35 [No. 5].) See para. 7 of Resident's despatch.
(7) Agricultural Services :—				
Recurrent	—	675	675	New Service. See Covering letter.
Capital	—	75	75	
(8) Road Fund	—	—	300	
(9) Aden Guest House	—	20	20	For renewal of furniture. Resdt. despatch para. 10.
Sub-total	£12,670	12,235	12,430	

* In 1935/36 Estimates included under head (*e*) " Miscellaneous ".

	1935/36	1936/37		
		Resident.	*C.O.*	*Notes.*
	£	£	£	
(*d*) *Hodeidah Mission*	250	275	275	Includes increase in pay of Political Clerk. (E.19607 — 23.10.35, No. 78030/35 [No. 3]).
(*e*) *Miscellaneous* :—				
(1) Secret Service	—	300	—	Provided in Secret Service Vote.
(2) Repatriation of Arabs ..	50	25	25	
(3) Contingencies	—	25	25	
(4) Telephone to Lahej	173	173	173	
(5) Wireless Establishments :—				
Recurrent	204	220	220	
Capital	200	—	100	(Treas. S.39633—13.9.35, No. 78087/35 [No. 2]), but expenditure may be delayed until 1936/37.
(6) Dhala Rest Home :—				
Improvements	—	100	100	(S.39481—28.12.34, No. 37962/34 [No. 8]), and para. 10 of Resident's despatch.
Caretaker and Upkeep ..	20	50	50	Includes £30 for caretaker. Para. 9 of Resident's despatch.
(7) Residency Offices	160	—	—	
	£807	—	693	

STATEMENT A

SALARIES.

		£	£
Colonel Lake as Acting Resident for 4 months :—			
½ Colonial Service Resident's pay of		2,250	
½ Lake's salary of		1,000	
		1,625	
for 4 months = ...		541	shared in moieties by H.M.G. and Govt. of India.
or		270	required for 1 (*a*).
Political Secretary :—			
Lake	Salary	1,000	
	Local Allowance	100	
	Conveyance Allowance	90	
		1,190	
for 8 months = ...			793
Substitute from India ..	On basis of rates paid by C.O. to I.O. in the case of Capt. Sinclair including pension contribution of £100 p.a. ..	1,100	
	Add Conveyance allowance paid direct	90	
		1,190 p.a.	
for 4 months = ...			397
			1,190
Add another (say) £100 for passages, and leave contribution			100
			£1,290
1*st Political Officer* :—			
Ingrams	Salary	800	(maximum)
	Local Allowance	100	
	Conveyance Allowance	135	
		1,035	
Less 4 months' leave = $\frac{4}{12} \times \frac{235}{1} = 78$	say	75	
		£960	

			£
2nd Political Officer :—			
Hamilton	Salary		739
	Local Allowance		100
	Conveyance Allowance		135
			974
Less 4 months' leave $= \frac{4}{12} \times \frac{235}{1} = 78$		say	74
			£900
Frontier Officer :—			
Seager	Salary		739
	Local Allowance		100
	Conveyance Allowance		135
			974
Less 5 months' leave $= \frac{5}{12} \times \frac{235}{1} = 97$		say	94
			£880

STATEMENT B

LEAVE PASSAGES AND PENSIONS.

Name.	*Passages.*	*Charged to.*	*Estimate of Expenditure in.* 1936/37. £ s. d.
Sir B. Reilly ..	Return journey	Govt. of India in first case	—
Mr. Ingrams ..	Do.	1935/36	—
Mrs. Ingrams ..	½ single home	1935/36	—
Do. ..	½ single to Aden	—	26 6 – (*a*)
Capt. Hamilton ..	Return journey	1935/36	—
Mrs. Hamilton ..	½ single home	1935/36	—
Do. ..	½ single to Aden	—	26 6 – (*a*)
Capt. Seager ..	Return journey	—	95 – –
			147 12 –
Mr. Ingrams' pension contribution			136 – –
			£283 12 –
If Mr. Ingrams and Capt. Hamilton are subsequently granted full passages home for their wives but payment of the second halves are not sanctioned until 1936/37 then further provision required in 1936/37 of			52 12 –
If Mr. Ingrams and Capt. Hamilton are granted full cost of passages to Aden for their wives, a sum additional to (*a*) above will be required			52 12 –
			£388 16 –

Provision £400.

STATEMENT C.

CONTRIBUTION BY GOVERNMENT OF INDIA.

	£	£
(*a*) Total expenditure (on basis of submitted Estimate)		71,852
Add—Secret Service expenditure (provided on separate vote)		300
		72,152
Less—Police	8,600	
Hodeidah Mission	275	
Sundry Receipts (as per Statement D)	1,410	
		10,285
		61,867
One third		20,622
Less—Indian Income Tax Contribution		500
		*£20,122

* Subject to confirmation from Air Ministry who may require this figure to be reduced if total political and military expenditure exceeds £450,000.

STATEMENT D

APPROPRIATIONS-IN-AID.

	1935.	1936
	£	£
Contribution from Government of India (as per Statement C)	13,600	20,122
Aden Protectorate Levies	170	40
Aden Protectorate College—donations and fees (token figure—S.38358—21.12.35)	—	10
Dispensaries—sale of drugs	—	—
Agricultural Services—sale of produce	—	—
	£13,770	£20,172

EXCHEQUER EXTRA RECEIPTS

	1935.	1936.
	£	£
Sale of arms and ammunition to Protectorate Tribes	1,300	950
Rent contribution of Political Secretary	100	110
,, ,, ,, ,, Officers	—	(*a*)250
Rebates on passages	—	50
	£1,400	£1,360

(*a*) In respect of expenditure provided under II (*b*) 5. C.O. Letter 78044/35 of 10.1.36.

78015/36 [No. 1]. No. 3.

MR. E. HALE (TREASURY)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

[*Answered by No. 5.*]

S.21238/010. Treasury Chambers, S.W.1,

DEAR BLAXTER, 27th January, 1936.

Aden Estimates.

Protectorate Chiefs and Services.

In the Treasury letter of 23rd March, 1935, S. 21238/09*, on the subject of the 1935-6 Estimates, we said that recurrent expenditure on this item in future should be kept down to £12,000. (In this I think we are rather kind to you, as the approved 1935-6 figure of £12,670 included £795 for non-recurrent services, so that the 1935-6 provision for recurrent services was £11,875!) Your proposed provision of £12,430 for 1936-7 does not include more than £235 which can be regarded as non-recurrent. (This figure of £235 includes £75 for tools and animals for the agricultural scheme, and in view of the high wastage of such things it must be understood that, if we allow the initial expenditure to be regarded as non-recurrent, renewals will have to be regarded as recurrent expenditure.) The expenditure on recurrent services is thus estimated at £12,195. You may say that this is not a great excess over £12,000, but we feel that, in view of the particular need for economy at Aden owing to the imminent transfer, the limit fixed must be adhered to. Moreover, welfare services for the Protectorate are no doubt capable of indefinite expansion, and if we do not keep to the limit when are we to stop? What adjustments should be made in order to bring the provision within the limit is a question which we are content to leave to you.

Yours, &c.,

E. HALE.

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* No. 5 in Middle East No. 57.

78015/36 [No. 2].

No. 4.

MR. W. G. STEVENS (AIR MINISTRY)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

[*Answered by Nos. 8 and 10.*]

DEAR BLAXTER, Air Ministry, W.C.2, 30th January, 1936.

Your letter of the 22nd January*, regarding the Aden estimates for 1936.

I note that you have provided £18,000 for the permanent increase in the establishment of the Levies, but this seems to be based on the provision for a full year (i.e. £20,168 less £1,950) according to your draft letter to Treasury. I suggest, however, that it is not necessary to provide for the pay and rations of the whole of the increased establishment for a full year. The decision to go ahead has not yet been taken I gather and in any case it will take some time to recruit the men, apart from the fact that apparently a good deal of building has to be done before they can be accommodated, or so it appears to me, from the enclosures of your letter to Pirie of 14th December, 1935†. It is, therefore, for your consideration whether, say, £16,000 would not suffice in lieu of the £18,000 you suggest.

Subject to what is said above I agree with your proposed provision for the Protectorate Levies in 1936 and with the explanatory remarks under IIa in your letter to the Treasury. A statement showing details of the provision in respect of the increase of one British officer and 31 natives is enclosed together with a summary of the total provison for the Levies in 1936 excluding the amount required for the permanent increase in the establishment of the force.

With reference to your statement C which deals with the contribution due from the Government of India it was arranged with Palmer of your department, in November last, that provision should be made in Colonial Office estimates for the receipt of £14,000 in 1936. We arrived at that figure after consideration of the probable expenditure in 1936 of the three departments concerned and, although there have been changes in the position which existed at that date, any alteration in the apportionment of the total amount of £150,000 would, at this stage be very inconvenient especially as the position is still so very uncertain, in view of the emergency. We do not yet know the total estimate of the bill for Aden; it may be anything between £500,000 and £750,000, but in any case, whatever the division of India's contribution, it is, from the exchequer point of view, not of much consequence and I hope, therefore, that you will be able to agree to adhere to the original figure of £14,000.

Yours, &c.,

W. G. STEVENS.

Enclosure 1 in No. 4.

ADEN PROTECTORATE LEVIES.

Supplementary forecast estimate of additional provision required for the Aden Protectorate Levies, 1936/37, to cover the cost of the temporary increase in the force of one British Officer, and thirty-one Arab ranks, for one year.

Heading	*Service*		£
1 (*a*)	Pay (only). 1 British Officer		430
(*b*)	,, ,, 31 Native Combatants (including Arab Officer, and 5 N.C.O's)		510
(*c*)	Pay Native Followers, 1 Cook and 1 Water Carrier ...		35
(*d*)	Duty Pay and local allowances, British Officer ...	£215	
	Service Gratuity, Native Combatants	£20	
		—	235
2 (*a*)	Rations, messing and ration allowances, Arab Ranks ...		225
(*b*)	Journey ration allowance		10
(*c*)	Ration allowance, British Officer		20
3 (*a*)	Public clothing and equipment		10
(*b*)	Clothing allowance		80

* 78015/35 [No. 15]: not printed.

† 78047/35 [No. 27]: not printed.

Heading	*Service*	£
4 (*a*)	Fuel, and fuel allowances in lieu of provision in kind ...	45
(*b*)	Electric light	—
(*c*)	Water	30
(*d*)	Other barrack services	—
(*e*)	Barrack stores	30
(*f*)	Conservancy (including Sweeper allowance, British Officer)	30
5	Animals and forage	—
6	Rifle spares and ammunition	40
7	Medical services	50
8 (*a*)	Hire of M.T.	—
(*b*)	M.T. maintenance	—
(*c*)	Packet passages (no provision included for return passage of British Officer)	—
(*d*)	Travelling claims	—
9 (*a*)	Works services (New Works)	—
(*b*)	,, ,, (Maintenance)	20
10 (*a*)	Postage	—
(*b*)	Educational	—
(*c*)	Training grant	10
(*d*)	Other technical stores not included elsewhere	15
11	Contributions for non-effective charges payable to War Office for extra British Officer (Proportionate to amount normally included in Aden Protectorate Levy provision)	125
		£1,950

Enclosure 2 in No. 4.

ADEN PROTECTORATE LEVIES—DETAILS OF ESTIMATE FOR 1936.

	1936	*1935*	*Increase*	*Decrease*	*Explanation of Variations*
	£	£	£	£	
1. Pay and allowances of personnel.	8,900	7,470	1,430	—	Mainly due to provision for additional personnel.
2. Rations	1,930	1,750	180	—	—
3. Clothing and equipment ..	825	750	75	—	—
4. Fuel, light, water, barrack services, etc.	1,260	965	295	—	Provision for additional personnel and for increased allowances to Major Grimwood.
5. Animals, forage, saddlery, veterinary services, etc.	2,023	1,935	88	—	—
6. Arms and ammunition ..	945	600	345	—	Provides for new Vickers gun and rangefinder.
7. Medical services	450	430	20	—	—
8. Transportation services ..	590	540	50	—	—
9. Works services	1,552	2,310	—	758	Decrease occurs as 1935 estimate included provision for new single quarters for 14 sweepers. 1936 estimate includes approximately half the cost of married quarters for British Warrant Officer held over from 1935.
10. Miscellaneous, *i.e.*, training grant, general stores, telephones, etc.	240	220	20	—	—
11. Payment to War Office for non-effective charges for loaned Army personnel.	375	250	125	—	Provision for additional officer.
	19,090	17,220	2,628	758	
Deduct—			*Add*—		
Appropriations-in-aid ..	40	170	130	—	Receipts for clothing issued under clothing allowance system will be credited to Heading 3 in accordance with normal R.A.F. practice. Hitherto such receipts have been credited to A. in A.
£	19,050	17,050*	2,758	758	

Establishment :—
British Officers.. .. 4
British Warrant Officer 1
Arab Officers 7
Arab Other Ranks .. 222

Net increase £2,000

* Original estimate. Additional expenditure on account of the emergency during 1935 is estimated at £1,000.

78015/36 [No. 4]. No. 5.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. E. HALE (TREASURY).

[*Answered by No. 6.*]

MY DEAR HALE, Downing Street, S.W.1, 7th February, 1936.

With reference to your letter No. S.21238/010 of the 27th January* about the provision for recurrent expenditure on Protectorate Chiefs and Services made in the Aden Estimates for 1936/37, we think that some misunderstanding has arisen regarding the item of £300 inserted under Head II (*c*) (8) in the detailed statement which accompanied our letter of the 22nd January†.

Our knowledge of the proposal for setting up this road fund is confined to the outline contained in paragraph 8 of the Resident's despatch No. 351 of the 20th November, 1935‡, a copy of which was enclosed in our letter No. 78071/35 of the 7th January last§, but, as I understand the position the £300 is not intended to be an annual contribution to the fund (which is to be financed by taxes) but a single lump sum payment designed to give the scheme a start. We are quite prepared, if you think it necessary, to warn the Resident, that if the scheme is eventually approved, and if the intention is that the £300 should be an *annual* contribution, sufficient savings must be found on other recurrent items of the expenditure on Protectorate services to keep the total to £12,000.

If, as we feel sure is the case, the £300 for the road fund is non-recurrent expenditure the total recurrent expenditure on Protectorate Chiefs and Services falls below the stipulated £12,000.

With reference to my letter of the 22nd January||, I take this opportunity to enclose a copy of a letter¶ from Stevens with which he forwards statements showing how the figures for the Protectorate Levies (exclusive of the proposed permanent increase) are made up.

As regards the second paragraph of Stevens' letter, we agree that the figure of £18,000 for the proposed permanent increase can be reduced by £2,000 to £16,000, and if you agree also, you will presumably make the necessary amendment.

As regards the fourth paragraph of his letter, we shall have to provide under Appropriations-in-Aid a sum of £13,500 in respect of the contribution by the Government of India, i.e., £14,000 (being the Colonial Office share of the maximum contribution of £150,000) less the £500 Indian income tax contribution.

I take this opportunity to refer to your letter to Boyse, No. S.40508 of 31st January, 1936**, regarding the treatment of any receipts in respect of rent and to say that Boyse agrees that as from 1st April, 1936, these receipts should be credited to Appropriations-in-Aid instead of to Exchequer Extra Receipts.

The Statement D enclosed in our letter of the 22nd of January, 1936†, will have to be amended as follows:—

Appropriations in Aid.	*1936.*
	£
Contribution from Government of India ...	13,500
Aden Protectorate Levies	40
Aden Protectorate College	10
Rent Contributions from Political Officers	360
	£13,910
Exchequer Extra Receipts.	
Sale of Arms and Ammunition	950
Rebates on passages	50
	£1,000

There is one other question to which I should like to draw your attention. In the 1936/37 Estimates we have provided £500 under Head I (*a*) 2, for capital expenditure on the Civil Hospital, and £100 under Head I (*b*) 3 for capital expenditure on Police Buildings; and reference was made in both cases to the new proposals by the Government

* No. 3. † No. 2. ‡ No. 8 in Middle East No. 57. § 78071/35 [No. 16]: not printed.
|| 78015/35 [No. 16]: not printed ¶ No. 4. ** 78015/36 [No. 3]: not printed.

of India as to the incidence of charge of the capital expenditure on these two services. Whilst the above provision may be sufficient if the existing basis of the incidence of charge is continued, it now seems probable that we shall agree to support the proposals of the Government of India as to the revision of that basis. If this is eventually agreed to we shall require to increase the provision under Head I (*b*) 3 from £100 to £1,300. We are writing to you officially requesting your authority to proceed with the works *on the existing basis* in the first instance, but since we understand that the Government of India are contemplating handing over buildings to us free of charge at the transfer, we shall probably be asking you in due course, when we have received a report as to what urgent works are likely to be needed in the next year, to approve the payment of the whole cost by His Majesty's Government as Government of India propose. Thus, subject to your sanction we may have eventually to meet the whole cost of the quarters for the harbour police and the sullage works at the hospital. We, therefore, think that the provision under Head I (*b*) 3 ought to be increased to £1,300, on the understanding, of course, that this does not commit the Treasury to this expenditure until we have put up our proposals to you and obtained your concurrence. If you accept this suggestion, I assume that you will make the requisite amendment.

Yours, &c.,

K. W. BLAXTER.

78015/36 [No. 5].

No. 6.

TREASURY

to

COLONIAL OFFICE.

S.21238/010.

SIR, Treasury Chambers, 19th February, 1936.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 22nd January* with its enclosures, relative to the provision to be made in the 1936 Estimate for Colonial and Middle Eastern Services in respect of Aden. My Lords have also had before them Mr. Blaxter's semi-official letter of the 7th February† containing certain modifications of the figures submitted with the letter under reply.

2. In reply, I am to request you to inform Mr. Secretary Thomas that My Lords are including the following provision for Aden in the Estimate in question.

I. Contributions by His Majesty's Government in Great Britain to the Government of India in respect of:—

	£
(*a*) Civil Services connected with the Protectorate ...	7,218
(*b*) Police, including share of cost of capital works ...	9,800
	£17,018

II. Expenditure in connexion with the Protectorate.

(*a*) Protectorate Tribal Levies	35,090
(*b*) Political Secretary	1,290
3 Political Officers	2,740
Pension Contributions (£136), cost of leave passages (£264), travelling expenses and camp equipment (£775), accommodation for officers (£311) and telephone (£30)	1,516
(*c*) Expenditure on Protectorate Chiefs	12,430
(*d*) Hodeidah Mission	275
(*e*) Miscellaneous Expenses	693
	£71,052

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* No. 2. † No. 5.

3. My Lords have increased the provision for Police under item I (*b*) by £1,200 in view of the proposal referred to in Mr. Cowell's letter of the 7th February* on the understanding that They are not thereby committed to the expenditure in question.

4. As regards the expenditure on Protectorate Chiefs and Services, My Lords agree generally with Mr. Thomas's views as to the application to more useful services of savings on presents, etc. to Protectorate Chiefs, subject to the general limit of £12,000 on recurrent expenditure on Protectorate Chiefs laid down in paragraph 3 (*c*) of the Treasury Letter of the 23rd March, 1935†. They agree to the proposed appointment of a Headmaster for the College from the Sudan at a salary of £400 per annum, and to the proposed establishment of agricultural demonstration and experimental plots. My Lords have accepted the total of £12,430 proposed for Protectorate Chiefs and Services on the understanding that the contribution of £300 towards a Road Fund is a non-recurrent payment. If it were proposed, however, that further contributions towards the Road Fund should be made in future, the payment would have to be regarded as recurrent, and in this case a reduction of £195 would be necessary in the recurrent expenditure on Protectorate Chiefs and Services in order to bring it within the limit of £12,000 referred to. My Lords note that They will be consulted further before expenditure in connexion with the Road Fund is incurred.

5. As regards Appropriations-in-Aid, My Lords understand that the military and political expenditure towards which India contributes is expected considerably to exceed £450,000, with the result that the limit of £150,000 on India's contribution will come into operation; and that the sum of £13,500 which it is proposed to include among the Appropriations-in-Aid of the Colonial and Middle Eastern Services Vote represents an apportionment of the maximum contribution of India agreed between the Departments concerned. My Lords have included in Appropriations-in-Aid, as agreed semi-officially, £360 in respect of the rent contributions of the Political Staff, Exchequer Extra Receipts being adjusted accordingly. With the addition of receipts in connexion with the Aden Protectorate College (£10) and Protectorate Tribal Levies (£40) the total Appropriations-in-Aid in respect of Aden are thus £13,910.

I am, &c.,

R. V. NIND HOPKINS.

78015/36 [No. 6].

No. 7.

THE SECRETARY OF STATE

to

THE RESIDENT.

(Sent 9 p.m., 11th March, 1936.)

TELEGRAM.

No. 24. Reference last paragraph of your despatch of 20th November No. 346‡. I approve appointment of Headmaster from the Sudan at salary of £400 a year and establishment of agricultural demonstration and experimental plots.

78015/36 [No. 7].

No. 8.

COLONIAL OFFICE

to

AIR MINISTRY.

Downing Street, S.W.1, 23rd April, 1936.

SIR,

I am directed by Mr. Secretary Thomas to refer to Mr. Stevens' letter to Mr. Blaxter, No. 441721/35/F.E., of the 30th January, 1936§, regarding the provision to be made for the Aden Protectorate Levies in the Aden Estimates for 1936.

2. In accordance with the information furnished in that letter, provision has been made in the Aden Sub-Head of the Colonial and Middle Eastern Services Vote, 1936, for the sum of £35,090 in respect of the Protectorate Tribal Levies. This figure is made up as follows:—£19,090 for the cost of the Levies on the previous basis, including the additional British officer and thirty-one other ranks, and £16,000 in respect of the permanent increase in the establishment of the Levies which has recently been approved.

I am, &c.,

H. R. COWELL.

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* No. 30. † No. 5 in Middle East No. 57. ‡ No. 1. § No. 4.

78015/36 [No. 8]. No. 9.

THE SECRETARY OF STATE

to

THE RESIDENT.

[*Answered by No. 11.*]

(No. 106.)

SIR, Downing Street, 27th April, 1936.

I have the honour to refer to your despatch No. 346 of the 20th of November, 1935*, transmitting an estimate of expenditure during the financial year 1936-37 on Aden Protectorate Services and to inform you that the Lords Commissioners of the Treasury have approved the insertion of a sum of £71,052 under the Aden Sub-Head of the Colonial and Middle Eastern Services Vote for 1936-37. A copy of the Civil Estimates, Class II, for the year ending the 31st of March, 1937, is enclosed, on pages 94 and 95 of which you will see the provision which has been made. The variations from the figures recommended by you are explained in the enclosed statement.

2. I have already informed you by telegraph that approval has been given for the permanent increase in the Aden Protectorate Levies which you have recommended. The total sum provided for the Levies in respect of the year 1936-37 is £35,090. This is made up as follows:—£19,090 for the cost of the Levies on their previous basis together with the additional British officer and thirty-one other ranks who were recruited last autumn, and £16,000 in respect of the reorganization and increase of the Levies as recently approved. The total cost of the reorganization in the first year is stated to be £20,168, but since the application of the scheme has only been approved with effect from the 1st of April, 1936, it is clear that this full amount will not be required during the current financial year; in the first place, a little time will be required before the full scheme can be in operation and in the second place provision is already made for the British officer and 31 other ranks (who will of course become absorbed in the main scheme) in the figure of £19,090. It was decided, therefore, after consultation with the Air Ministry, to provide a round sum of £16,000.

3. I have informed you in my telegram No. 24 of the 11th of March† of my approval for the appointment of a headmaster from the Sudan for the Aden Protectorate College at a salary of £400 a year and for the establishment of agricultural demonstration and experimental plots. I observe from Enclosure II to your despatch, which contains the detailed estimate for expenditure on the Aden Protectorate College, that provision is made for a third master. In view of the small number of pupils at present attending the College, I assume that it will not be necessary to appoint a third master at present and this item has accordingly been omitted from the approved estimate.

4. The provision under item II (*b*) (5) takes into account the fact that sanction may be accorded during the current year for the application to the Political Staff at Aden of the new leave and passage regulations. I am, however, not yet in a position to reach a decision on this matter, as it has been necessary to consult you further on certain points (see my despatch No. 87 of the 9th April‡).

5. Provision has been made under item II (*b*) (1) (Political Secretary) for the salary and allowances of the Political Secretary for eight months and for the salary of an Acting Political Secretary for four months. It has been assumed that the Government of India will wish to appoint an Indian official to act as Political Secretary during the Resident's absence as they did last year and that the financial arrangement with the Government of India will be the same as on the previous occasion.

6. In paragraphs 3 and 8 of your despatch you propose that in future the travelling expenses of all officers and servants should be charged to the travelling vote. I appreciate that there may be certain advantages in this procedure, but it is the normal practice in the preparation of budgets for the travelling expenses of each Department to be charged under the head of that Department. This method enables the total expenditure of each Department to be kept under one head and makes it possible to see without difficulty what is the total cost of each particular service. The charging of all travelling expenses to one head would be contrary to the normal procedure, and I should prefer that the present arrangement should continue.

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* No. 1. † No. 7. ‡ Not printed.

7. I note that you propose in future that item II (*c*) should be described as Expenditure on Protectorate Chiefs *and Services*. I agree that in view of the changes which are taking place in this type of expenditure this new description will be more appropriate.

8. In view of what you say in paragraph 6 of your despatch regarding the scheme for tribal dispensaries, I thought it not unreasonable to reduce somewhat the provision for the purchase of drugs. The sum which has been approved is £210 and not £270.

9. I note what you say in paragraph 11 regarding certain items of revenue which may be received. Any such items should be credited to your monthly account with the Colonial Office.

I have, &c.,

J. H. THOMAS.

Enclosure 2 in No. 9.

ADEN ESTIMATES, 1936/37.

Explanatory Statement.

	Resident's Estimate.	*Approved Provision.*	£	*Notes.*
	£	£		
I (*a*) (1) *Civil Services*	4,831	4,843		Includes £100 for furniture; £270 moiety of Colonel Lake's salary while acting as Resident; and increased pay of Confidential Clerk.
(2) *Civil Hospital* :—				
(*a*) Contribution	1,875	1,875		
(*b*) Share of capital expenditure.	500	500		
			7,218	
(*b*) *Police Force* :—				
(1) Contribution	8,000	8,000		
(2) Rent of Buildings ..	500	500		
(3) Share of capital expenditure.	100	1,300	9,800	Increased provision to meet further work contemplated and change in basis of allocation of cost as between Government of India and His Majesty's Government.
II (*a*) *Protectorate Tribal Levies* ..			35,090	See paragraph 2 of covering despatch.
(*b*) *Political Staff* :—				
(1) Political Secretary	1,190	1,290	1,290	Provision made for Colonel Lake's salary for 8 months and for salary of acting Political Secretary for 4 months.
(2) First Political Officer ..	960	960		Includes leave arrangements.
(3) Second Political Officer ..	913	900		
(4) Frontier Officer	883	880	2,740	
(5) Leave passages and pension contributions.	400	400		
(6) Travelling Allowances ..	700	700		
(7) Camp Equipment	75	75		
(8) Accommodation for Political Staff—				
(*a*) Political Secretary's Bungalow Maintenance.	50	50		
(*b*) Taxes	11	11		
(*c*) Political Officers—Accommodation Rental.		250		See Secretary of State's Despatch of 11.2.36.
(9) Political Officer's Telephone	30	30	1,516	

(c) *Expenditure on Protectorate Chiefs and Services :—*	£	£	£	
(1) Presents	4,800	4,800		
(2) Stipends	3,860	3,860		
(3) Aden Protectorate College for Sons of Chiefs—				Reduction of £45 due to elimination of provision for third master.
(*a*) Recurrent	1,710	1,665		
(*b*) Capital	140	140		
(4) Protectorate Tribal Dispensaries—				
(*a*) Recurrent	270	210		Provision for purchase of drugs reduced by £60.
(*b*) Capital	—	—		
(5) Inspector General, Lahej Forces—				
(*a*) Allowance	50	50		
(*b*) Travelling	5	5		
(6) Tribal Guards	630	630		
(7) Agricultural Services—				
(*a*) Recurrent	675	675		
(*b*) Capital	75	75		
(8) Road Fund	—	300		See separate despatch.
(9) Aden Guest House	20	20		
			12,430	
(*d*) *Hodeidah Mission*	275	275		
			275	
(*e*) *Miscellaneous Expenditure :—*				
(1) Secret Service	300	—		Provided on Secret Service Vote.
(2) Repatriation of Arabs ..	25	25		
(3) Contingencies	25	25		
(4) Lahej Telephone Rental ..	173	173		
(5) Wireless Establishments—				
(*a*) Recurrent	220	220		
(*b*) Capital	—	100		Provision for expenditure delayed until 1936–37.
(6) Dhala Rest House—				
(*a*) Improvements ..	100	100		
(*b*) Caretaker and upkeep	50	50		
			693	
TOTAL PROVISION IN C. & M.E.S. VOTE			£71,052	

78015/36 [No. 10]. No. 10.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. W. G. STEVENS (AIR MINISTRY).

DEAR STEVENS, Downing Street, S.W.1, 30th April, 1936.

With reference to your letter of the 30th of January last (441721/35/F.E.)*, we are notifying you officially of the provision made under Subhead I of the Colonial and Middle Eastern Services Vote, 1936, for the Aden Protectorate Tribal Levies.

As regards the contribution from the Government of India towards military and political expenditure during 1936/7, we have included under Subhead J—Appropriations-in-Aid—a sum of £13,500, being the £14,000 suggested by you, less the usual deduction of £500 in respect of exemption of Imperial officers from payment of Indian income tax. This is on the assumption that India will be liable for the maximum contribution of £150,000 during 1936/7 (less the above £500) and that the share of that sum allocated to the Colonial and Middle Eastern Services Vote is £14,000 (less the above £500), £14,000 being less than one-third of the expenditure provided on that Vote which ranks for the Indian contribution.

Yours, &c.,

K. W. BLAXTER.

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* No. 4.

78157/36 [No. 8].

No. 11.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 30th November, 1936.)

[*Answered by No. 19.*]

(No. 568.)

SIR, The Residency, Aden, 18th November, 1936.

I have the honour to confirm my telegrams Nos. 16 and 25 of 31st October, and 18th November, 1936*, respectively which read as follows:—

" Your telegram dated 23rd October No. 92†. I. Divisible expenditure (*a*) Civil Services £6,895 (*b*) Police £9,800/-. II. Protectorate Services (*b*) Political Staff £4,223, Leave passage and pension contribution £295, Travelling allowance £700, (*c*) Expenditure on Protectorate Chiefs and Services, Presents and Entertainments £4,800, Stipends £3,860, College for Sons of Chiefs £1,833, Tribal Dispensaries £250, Inspector General Lahej Trained Forces £55, Tribal Guards £873, Agricultural Services and Experimental plots £675, Road Fund £100 (*d*) Hodeida Mission £356 (*e*) Miscellaneous Expenditure, Secret Service £300, Political Secretary's bungalow maintenance £50, Taxes £11, Political Secretary's bungalow garden £45, Political Officers' accommodation rental £33, Political Officer's telephone £30, Repatriation of Arabs £25, Contingencies £25, Lahej Telephone rental £173, Rest House caretaker and upkeep £65, Wireless Telegraph Establishment £271. III. Extraordinary Expenditure. Agricultural Services and Experimental plots £75, Road Fund £350, half cost of proposed bungalow for the Commandant of Police £863, Half cost of proposed three bungalows for two Political Officers and Frontier Officer £3,168, Taxes, Telephones and maintenance for the three bungalows £273 and wireless Set £135".

and

" Reference my telegram dated 31st October No. 16 Budget Estimates.

Following corrections are found necessary in figures reported (1) Delete £33 for Political Officers' accommodation rental. (2) Substitute £1,858 for £1,833 College for Sons of Chiefs. (3) Add W/T establishment for Chiefs recurrent £24 and Capital £135. (4) Delete £135 for wireless set under Item III. (5) Substitute £4,970 for £3,168 half cost of proposed three bungalows for Political Staff. (6) Substitute £346 for £356 Hodeida Mission ".

2. The following observations relate to the specific items in the Statement attached†:—

Item I (*a*). Divisible expenditure has been calculated on the basis of the current year's figures excluding the pay of the Government Agent, Perim, whose appointment has been abolished. This includes £100 for the Residency furniture, and £200 as acting allowance for an officer who will be appointed to act as Governor of Aden when the latter goes on leave next year.

Item II (*b*) (*5*). This includes provision for a return passage to the United Kingdom for the Political Secretary; a despatch follows.

Item II (*b*) (*6*). Although the Travelling Allowances of the Tribal Guards, Aden Protectorate College and W/T Operators have been provided for under each separate head, in accordance with the instructions contained in paragraph 6 of your despatch No. 106 of 27th April, 1936‡, amounting in all to £163, I have not been able to make a corresponding reduction in the Travelling Allowance of the Political Staff. In this respect I refer you to sub-paragraphs 6 and 8 of paragraph 3 of my despatch No. 346 of 20th November, 1935§. The total leave due to the Political Staff next year is only six months as against a total of 15 months this year.

Item II (*b*) (*8*) (*c*). Since Lieut-Colonel Lake has occupied the Political Secretary's bungalow from June, 1934, where permanently there was no sort of vegetation, he has gradually built up a garden all round the bungalow including two grass lawns. This has greatly improved the appearance of the place and that locality, especially as the bungalow is on the main road to the bathing pool which is a popular place of resort for passengers off ships and others.

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* 78157/36 Nos. [6, 7 and 3]: not printed. † Not printed. ‡ No. 9. § No. 1.

I am of opinion that, in a barren place like Aden, such gardens are to be encouraged. But Colonel Lake has already spent about £100 on it and incurs a monthly recurring expenditure of about £4, chiefly on water, which in addition to his other expenses of rent, hire of furniture, electricity, etc., he finds rather a hardship. I am therefore asking for a yearly allowance of £45 for the upkeep of this garden which I trust will meet with your approval.

Item II (*b*) (8) (*d*). I have not included any rental accommodation in my estimate for next year as in view of the fact that either houses will be available for the political staff or the rent of any bungalow temporarily leased will be paid by the tenant under private arrangements I have not considered it necessary (reference my telegram No. 23 of 12th November, 1936*).

Item II (*c*) (*1*). I wish to refer to your despatch No. 49 of 15th April, 1935†. Paragraph 3 in which you express the opinion of the Treasury that total recurrent expenditure on Protectorate Chiefs should not exceed £12,000 annually. The total estimated for next year comes to £12,495 and, to reduce this sum to the limit imposed by the Treasury, it would be necessary to afford a corresponding saving in presents and entertainment and reduce the amount of £4,800 sanctioned for this year to £4,305. This would necessitate a still further cut of nearly 10 per cent in the presents and entertainment which Chiefs have been accustomed to receive for very many years. As will be seen from the last two lines of page 4 of my despatch No. 346 of 20th November, 1935‡, a 15 per cent cut has already been made in the last two years and I am of opinion that one should proceed cautiously in making drastic changes of this nature which affect the pockets of Protectorate Chiefs and their tribal and other underlings, and I strongly recommend that no further cut should be instituted at present. I therefore hope that the item " Presents " will be allowed to remain at the figure £4,800 sanctioned for this year.

Item II (*c*) (*3*). The total amount required for the College is £1,858 and not £1,833 mentioned in my telegram No. 16 of 31st October, 1936§. The latter amount included the Junior Master's pay and allowance up to 31st December, 1937, but as it has now been proposed to employ him during the whole year 1937–38 (vide my despatch No. 510 of 21st October, 1936‖), a sum of £25 has been added to the figure of £1,833. The increase of £193 over the current year's grant of £1,665 is due to

	£	
(1) Allowance to the Principal	50	
(2) Travelling allowance to teaching staff ... ... (included this year in Item II (b) (6).)	34	
(3) Pay of the Junior Master from 1st April, 1937, to 31st March, 1938 (total pay and Allowance £99)	99	(Actual increase of £84.)
(4) Difference in the salary of the Head Master Sheikh Abdul Qadir Okeir Al Arteigi	10	

Item II (*c*) (*4*). The vote is increased by £40 and the detailed estimates shows how the total vote has been redistributed to allow further payment of dispensers. The scale proposed is Rs. 8 × 1 – 15 and two dispensers who have been satisfactory and working for some time will start at Rs. 10.

Most of the money necessary for these allowances has been found by reducing the provision for drugs as the stocks are not being used at the speed anticipated. It is likely that the system will now expand (with payment of allowances) and that an increase in the vote will be necessary next year.

Item II (*c*) (*6*). The increase of £253 is due to (1) a proposed increase in the establishment of the Tribal Guards of the Amir of Dhāl'a and the Fadhli Sultan by 50 each. The present strength of each is 100 and I propose that they should be increased to 150. The Tribal Guards in the territories of these two chiefs are now a recognized and working force and one of their most important duties is patrolling the main trade routes. The present numbers are sufficient only for very limited patrolling and I intend to urge the chiefs concerned to extend the sphere of this duty gradually each year. This will naturally necessitate a gradual increase in establishment which I consider justified. I therefore hope that my proposal will have the approval of His Majesty's Government.

(2) To Travelling Allowance of the Second Political Officer and Tribal Guard instructors estimated at £109 which was this year included under item II (b) (6), and

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* 78044/36 [No. 17]: not printed. † No. 7 in Middle East No. 57. ‡ No. 1.
§ 78157/36 [No. 6]: not printed. ‖ 78070/36 [No. 31]: not printed.

(3) Extra allowance of Rs.20 a month to each of the two instructors for clothing and incidental expenses as, owing to an error, the allowance for one only was included in the current year's estimate. This accounts for Rs.240 or £18.

Item II (*c*) (*7*). I have estimated for the same sums as this year both recurrent and capital, as it is not at all certain that the scheme set forth in paragraph 8 of my despatch No. 346 of 20th November, 1935*, will be initiated during the current year.

Item II (*c*) (*8*). Since the Dhāl'a operations in 1928, motor transport has been used between Aden and Dhāl'a where there is a landing ground and Government Rest House, and I consider the maintenance of the road in a passable condition to be of great political importance. The most difficult physical feature to be encountered is the Khureiba Pass leading up to the Dhāl'a plateau. The road leading up the Pass, which was made to take wheeled transport in the time of the Boundary Commission in 1904–1905, was reconditioned to take motor transport in 1928–1929 at a cost of approximately £700. Further minor repairs were carried out in June, 1932, at a cost of Rs.700 or £52. Since then, no repairs have been undertaken and it is now in a very bad state of repair and likely to become impassable. Expert opinion estimates the cost of placing the Pass in a serviceable condition again at £450 and to take six months. I therefore propose to get the work started as soon as possible so as to complete it before the next heavy rains commence in June.

The £300 sanctioned for the Road Fund (reference my despatch No. 75 dated 12th February, 1936†) is as yet untouched and I propose using all this sum towards the repair of the Khureiba Pass, which should be sufficient for the purpose for the current year.

The £350 capital expenditure now asked for in 1937–38 is made up of £150 balance of the cost of repair and a refund of £200 to the Road Fund.

I trust that the provision of both the balance and the refund will meet with your approval.

As regards the latter, although the scheme outlined in my despatch to which reference is made above, has not yet been put into working order owing to the opposition of the Yemeni Government to the proposal to tax Yemeni cars, Captain B. W. Seager, the Frontier Officer, discussed this question with the Minister for Foreign Affairs and I have every hope that, on Captain Seager's next visit to San'ā on his return from leave, the Yemeni opposition will be withdrawn and the scheme started. I am therefore particularly anxious that the Road Fund should not be completely depleted of its nucleus as sanctioned by His Majesty's Government.

I have asked for a refund of only £200 and have placed the balance of £100 under recurrent expenditure as I consider that this is the minimum amount which should be provided annually for minor repairs on roads and chiefly on the Khureiba Pass.

Item II (*c*) (*10*). In last year's estimates, all estimated expenditure on account of W/T establishments was included in Item (e) (5). But the W/T establishments in the Protectorate come under two categories, those under the control and for the benefit of this Residency, and those serving the interests of Protectorate Chiefs (vide Colonel Lake's despatch No. 180 of 26th June, 1935‡). I have therefore placed the latter under its proper heading namely, under expenditure incurred on Protectorate Chiefs and Services.

Of the two W/T sets to be provided by His Majesty's Government for this purpose only one has been provided this year owing to His Highness the Sultan of Lahej having demanded two more sets on payment. The situation at present is that three sets have been received of which two are at the expense of His Highness the Sultan of Lahej. A third set on payment for His Highness has been requested (reference my telegram No. 17 of 31st October, 1936§).

On receipt of this latter set, there will be one set remaining to be supplied for the use of the Haushabi Sultan (reference paragraph 3 of above-mentioned despatch).

But as no funds are available this year owing to the price of each set being £125 and not £50 as originally supposed, and as the provision of this set is not urgent, I propose waiting another three months before asking for it. Its cost will therefore come out of next year's vote.

Item II (*d*). The increase, which should be £71 at the present rate of exchange and not £81 as stated in my telegram No. 16 dated 31st October, 1936‖, is caused by the payment of the Political Clerk's emoluments in M.T. dollars instead of in Rupees—reference my telegram No. 15 of 30th October, 1936¶, and also on account of his annual increment of dollars 10.

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* No. 1. † 78105/36 [No. 1]: not printed. ‡ 78087/35 [No. 1]: not printed.
§ 78087/36 [No. 18]: not printed. ‖ 78157/36 [No. 6]: not printed.
¶ 78030/36 [No. 1]: not printed.

Item II (*e*) (*5*). The increase is caused by placing the pay of the Operators on an incremental basis. At present, four Operators receive Rs.40 a month and two Rs.30 and I recommend that from 1st April, 1937, the pay should be revised to Rs.40–2–50 and Rs.30–2–40. I am of opinion that by making the Operators earn an annual increment, the work will improve in efficiency. This accounts for £11 of the increase. The balance of £40 is made up of £20 Travelling Allowance (included this year in Item II (b) (6) and £20 increase of the rent of the third W/T set (reference Colonial Office despatch No. 160 of 20th August, 1935*), owing to its anticipated extra use.

Item II (*e*) (*6*). I propose, with your approval, to place the pay of the Caretaker at the Rest House at Dhal'a on a similar incremental basis and the sum of £65 is therefore made up of £15 pay and £50 up-keep of the Rest House which I consider to be the minimum necessary.

Item III (*2*). The building of houses for certain of the Political Staff has not yet been started. I have, therefore, estimated for half the cost of two of the houses to fall within the next year (reference Colonel Lake's despatch No. 442 of 16th September, 1936†, and also the whole of the cost of the third house (reference my despatch No. 567 dated 18th November, 1936‡).

The sum of £4,970 includes Aden Port Trust charges of 10 per cent on the estimate of all three bungalows (reference my telegram No. 14 dated 26th October, 1936§) as it is assumed that the whole of these charges will fall within the next year.

I have, &c.,

B. R. REILLY,

Resident, &c.

78156/36 [No. 10]. No. 12.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 15.*]

SIR, Downing Street, S.W.1, 15th January, 1937.

I am directed by Mr. Secretary Ormsby Gore to request you to inform the Lords Commissioners of the Treasury that the Resident has submitted provisional Estimates for the budget of the Colony of Aden for the year 1937–38.

2. Until the new Finance Officer, who has just arrived in Aden, has had time to consider the position, it is only possible to make a very approximate estimate of the position. The Resident has budgeted for a revenue of Rs.13,70,587 and an expenditure of Rs.14,55,789 (excluding revenue and expenditure in respect of the Postal and Telephone Departments). On this basis there would be an estimated deficit of Rs.85,202 or (say) £6,400. It is, however, necessary to take into account certain additional items for which provision is not made in the Resident's forecast. The net effect of these is to increase the estimated deficit to £7,500.

3. I am to enquire whether their Lordships, bearing in mind the provisional nature of these Estimates, will consider it desirable or necessary to make provision in the Estimate of the Vote for Colonial and Middle Eastern Services, the draft of which was submitted under cover of Colonial Office letter of the 30th of November, 1936||, for a grant-in-aid of the revenues of Aden in anticipation of a deficit of £7,500.

I am, &c.,

H. R. COWELL.

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* 78056/35 [No. 7]: not printed.
† 78044/36 [No. 14]: not printed.
‡ 78044/36 [No. 19]: not printed.
§ 78044/36 [No. 15]: not printed.
|| Not printed.

78157/36 [No. 11]. No. 13.

AIR MINISTRY

to

COLONIAL OFFICE.

[*Answered by No. 18.*]

SIR, Air Ministry, W.C.2, 19th January, 1937.

With reference to your letter of the 24th October, 1936*, and Air Ministry letter of the 28th idem†, numbered as above, I am directed to inform you that the final estimate of the cost of the Aden Protectorate Levies during the financial year 1937 is £27,460 net.

A statement shewing details of the provision required, as compared with that for the current financial year, is enclosed‡.

I am, &c.,

W. F. CONNOLLY.

78157/36 [No. 12]. No. 14.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 16.*]

SIR, Downing Street, S.W.1, 28th January, 1937.

I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch§ from the Resident at Aden regarding the Estimates for Protectorate services in respect of the financial year 1937–38. The Resident's figures have been revised in this Department and a summary statement showing the provision proposed for 1937–38 is enclosed‡, together with detailed statements (A to F‡) in regard to the various items. A copy of a letter from the Air Ministry|| forwarding the estimate for the Aden Protectorate Levies is also enclosed.

2. A draft of Part III of the Colonial and Middle Eastern Services Estimates and details of the Appropriations in Aid and Exchequer Extra Receipts are also forwarded herewith (Statements G, H and I‡.) As a result of the transfer of the control of the Aden Settlement to His Majesty's Government on the 1st April next, certain changes of wording and form of Part III are needed, and these have been made.

3. The Secretary of State has the following comments to make upon the Estimates as now submitted.

Item I (*d*). The Secretary of State is considering, in consultation with the Air Ministry and the War Office, a proposal that His Majesty's Government should make a contribution of £500 per annum to the new Aden Colony as compensation for the exemption from Aden Colony income tax of all officers serving at Aden who are paid from United Kingdom funds. The proposal is in effect a continuation of the present arrangement under which a deduction of £500 per annum is made from the annual contribution of the Government of India to the military and political expenditure at Aden on the understanding that these officers are not subject to Indian income tax. A letter will be addressed to the Treasury on this question, and in the meantime it is suggested that provision should be included in the Estimates on the understanding that Treasury sanction for the proposal will be obtained separately in due course.

Item II (*b*) (*i*). On the 7th January a letter¶ was addressed to the Treasury requesting them to agree that provision should be made for the appointment of an additional Political Officer for the Protectorate. The provision required is included under this item.

Item II (*e*). The Treasury have expressed the view in the past that the total annual recurrent expenditure in respect of Protectorate Chiefs and Services should not exceed £12,000 per annum, and it will be seen that the provision now asked for somewhat

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* 78157/36: not printed. † Not printed. ‡ Not printed.
§ No. 11. || No. 13. ¶ 78157/36 [No. 9]: not printed.

exceeds this figure. Certain items, however are non-recurrent expenditure, and in addition a sum of £450 is required in respect of the conference of chiefs which it is proposed to hold at Lahej in the coming spring. A copy of a telegram* from the Resident on this matter is enclosed. These conferences serve a very useful purpose and, though of fairly frequent occurrence, do not take place each year. Moreover, the local authorities have represented recently that a further reduction in the sum provided for presents and stipends is inadvisable. Progress in the Protectorate is slow and the tribes are still in a wild and primitive condition. There has been some discontent recently at the reductions which have been made in the issue of presents and arms to the Chiefs and their retainers. Such discontent gives rise to incidents by way of firing at aeroplanes and attacks on caravans on the trade routes. However desirable it may be gradually to replace the present system by more progressive methods, the Secretary of State recognizes that the change must be very gradual. In these circumstances he trusts that their Lordships will not press for a reduction of the figure of £13,630 provided under Item II (*e*), on the understanding that the Resident should again be informed that the total amount provided under this item must approximate to £12,000 per annum.

Item II (*e*) (*7*). The same sum is provided as was approved in respect of the current financial year. The scheme has not yet been started owing to the difficulty of finding a suitable Arab agricultural instructor. Enquiries have been actively proceeding and are still being made, and it is hoped to engage a suitable man in order to enable the scheme to be started in 1937–38.

Item II (*e*) (*11*). A copy of a despatch† from the Resident is enclosed recommending that a present of a Vickers gun should be made to the Amir of Dhala. Mr. Ormsby Gore supports this recommendation and provision is accordingly included for the cost of the gun.

4. I am to request that their Lordships will approve the provision of £70,410 under the Aden Subhead of the Colonial and Middle Eastern Services Vote, 1937/38, in accordance with the statements which accompany this letter.

I am, &c.,
K. W. BLAXTER.

78156/36 [No. 12].

No. 15.

TREASURY
to
COLONIAL OFFICE.

[*Answered by No. 21.*]

(S. 21238/011.)

SIR, Treasury Chambers, 5th February, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 15th January‡ relative to the provisional Estimates for the budget of the Colony of Aden for the year 1937–38.

2. In reply I am to request you to inform Mr. Secretary Ormsby-Gore that in all the circumstances My Lords do not propose to include in the 1937 Estimate for Colonial and Middle Eastern Services provision for a loan or grant-in-aid of the administration of the Colony in anticipation of a budgetary deficit.

3. My Lords note that the provisional estimates submitted by the Resident budget for an expenditure (excluding the Postal and Telephone Departments) of Rs.14,55,789. The sketch estimates, based on the years 1932–33 to 1934–35, enclosed with Sir Bernard Reilly's letter of the 5th May last§ to Sir Cosmo Parkinson, provided for expenditure (excluding the Postal and Telephone Departments) of Rs.12,57,702, and on this basis there would have been a surplus. The draft estimates now submitted provide for an increase of expenditure of nearly Rs.2 lakhs, which converts the prospective surplus into a deficit.

4. In the absence of details My Lords are not in a position to form an opinion as to how far this increase of expenditure is avoidable, but They consider that in general any avoidable increase of expenditure should be postponed until the revenues of the Colony are in a position to meet it.

I am, &c.,
R. V. NIND HOPKINS.

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* 78157/36 [No. 10]: not printed. † Not printed. ‡ No. 12.
§ 78126/36 [No. 2]: not printed.

78157/36 [No. 13]. No. 16.

TREASURY

to

COLONIAL OFFICE.

(S.21238/011.)

SIR, Treasury Chambers, 18th February, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Blaxter's letter of the 28th ultimo*, with its enclosures, relative to the provision to be made in the 1937 Estimate for Colonial and Middle Eastern Services in respect of Aden.

2. In reply I am to request you to inform Mr. Secretary Ormsby Gore that My Lords have caused the following provision for Aden to be included in the draft Estimate in question:—

	£
I. *Contributions to the Colony in respect of*:—	
(*a*) That part of the cost of the civil administration attributable to Protectorate services	3,200
(*b*) Civil Hospital	2,115
(*c*) Police, including share of capital expenditure	10,750
(*d*) Exemption from Aden income tax of officers paid from United Kingdom funds	500
II. *Direct expenditure by His Majesty's Government.*	
(*a*) Protectorate Tribal Levies	27,500
(*b*) Political Secretary (£1,150) and 4 Political Officers (£3,950)	5,100
(*c*) Pension contributions and leave passages (£1,000); Travelling expenses (£700); and Miscellaneous expenses (£960)	2,660
(*d*) Capital expenditure on bungalows for Political Officers ...	4,600
(*e*) Expenditure on Protectorate Chiefs and services	13,000
(*f*) The Yemen: Hodeidah mission and medical services ...	355
	£69,780

3. My Lords note that They will be consulted further before expenditure in connexion with the proposed exemption from Aden Income Tax of officers paid from United Kingdom funds is incurred.

4. As regards expenditure on Protectorate Chiefs and Services, My Lords agree exceptionally to the provision of £13,000 on the understanding that the Resident will be informed that the total annual recurrent expenditure under this item must in future be kept within the limit of £12,000 as authorized by Treasury letter of the 23rd March, 1935 (S.21238/09†). They raise no objection to the proposed expenditure of £125 on the presentation of a Vickers gun to the Amir of Dhala providing the maximum provision of £13,000 referred to above is not exceeded.

5. My Lords approve the provision of £45 for the upkeep of the Political Secretary's garden on the assurance that it is in accordance with colonial practice, and of £120 for the Political Officers' telephones. They will await a further communication on the latter item of expenditure.

I am, &c.,

R. V. NIND HOPKINS.

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* No. 14. † 78157/35 [No. 11]: not printed.

78156/36 [No. 13].

No. 17.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 15th March, 1937.)

[*Answered by No. 23.*]

(No. 93.)

SIR, The Residency, Aden, 3rd March, 1937.

I have the honour to transmit herewith two copies of the draft Estimates* of Revenue and Expenditure for the Colony of Aden for the year 1937–38. It will be appreciated that as this is the first budget of the new administration and as the final figures of assets and liabilities to be taken over from the Government of India are not yet available, the form of Estimates is not strictly in accordance with Colonial Regulations. This defect will be corrected in the Estimates for 1938–39.

2. A memorandum is enclosed explaining the various points which call for comment in the detail of the Estimates. The Revenue figures have been compiled with care and total Rs.1,664,160. The expenditure figures, which include all known liabilities, amount to Rs.1,659,444. A small surplus of Rs.4,716 is therefore disclosed. This I consider very satisfactory in a year which will be rather abnormal.

3. The following items of expenditure are non-recurrent:—

	Rs.
1936–37 salary commitments	65,000
Expenses in connexion with His Majesty's Coronation	6,200
Postal Experts' expenses	7,000
Quarters for Finance Officer and Commandant of Police ...	53,700
	Rs.131,900

Against this there is to be set a non-recurrent net receipt of Rs.52,000 from the Perim Coal Company. It can be anticipated therefore that in a normal year, provided the receipts from Income Tax come up to expectations and provided the salt industry continues to flourish, there is every hope that the budget will show a balance on the right side.

4. I shall not of course be satisfied with this but shall effect economies wherever possible, and in order to increase revenue I am examining the possibilities of the local bodies, viz., the Aden Settlement and the Aden Port Trust, making further contributions for services performed by the central Government.

5. I should draw your attention to the following specific items in the expenditure estimates, details of which are given in the memorandum:—

Head I. Item 9.—The alteration of title of Finance Officer to Financial Secretary.

Head VI. Item 1.—The salary of the Chief Justice is not yet fixed.

Head VI. Item 5.—The appointment of a Magistrate.

Head XII. Item 13.—The extension of the salary scale of two clerks.

Head XVII. Item 5.—The extension of the salary scale of one clerk.

6. The Estimates are being printed and twelve copies will be sent to you as soon as possible. I shall be glad of a telegraphic advice when approval has been accorded.

7. The cash position is not yet clear. A working balance of Rs.2 lakhs will be taken over from the Government of India on the 1st of April, 1937, which will suffice for immediate requirements. But certain liabilities will also be taken over, e.g., Provident Fund and Post Office Savings Bank, which will require money for investment. The position is, I believe, understood in the Colonial Office, and I hope that steps are being taken to provide the Colony with cash to meet these liabilities.

I have, &c.,

B. R. REILLY,

Resident, &c.

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* Not printed here.

Enclosure 2 in No. 17.

COLONY OF ADEN.

MEMORANDUM ON THE ESTIMATES OF REVENUE AND EXPENDITURE 1937–38.

The Estimates for the financial year 1937–38 are as follows:—

	Rs.
Revenue	1,664,160
Expenditure	1,659,444
Surplus	Rs.4,716

2. It is not possible to submit a statement of assets and liabilities as at the 31st March, 1937, as the actual figures of the assets and liabilities to be taken over from the Government of India are not yet known.

3. The figures for 1936–37 included in these estimates are those given in Demand 85A sanctioned by the Government of India. That Demand did not include provision for Postal, Telephone or Audit services which are necessary in the Colonial Budget.

4. The Revenue estimates differ considerably from those included in Government of India Demand 85A, as will be seen from the Abstract. The following comments explain the differences:—

I. *Duties, Taxes and Licences.*

Item 1. Taxes on Income—Increase of Rs.69,000/-.—In the past certain large companies trading both in Aden and India have paid income-tax on the whole of their profits to the Government of India direct. No credit for tax on Aden profits in these cases was included in the Aden budget. From the 1st April, 1937, tax on Aden profits will be payable to the Government of the Colony. The estimates for 1937–38, which amount to Rs.560,000/-, include provision for this and also provide for the granting of Dominion relief in cases where income is taxable both in Aden and elsewhere. The compilation of this estimate has been difficult owing to the foregoing and because the 1936–37 figures are affected (*a*) by the reduction of the surcharge from 1/6th to 1/12th and (*b*) the increased trade activity which resulted from the Italo–Abyssinian war and the presence of increased Naval and other forces at Aden. The estimate of Rs.560,000 is based on the continuance of the surcharge of 1/12th.

II. *Receipts for or in Aid of Specific Government Services.*

Item 13. Light Dues. Decrease Rs.88,000.—The 1936–37 estimate included collections to cover the cost of certain lighthouses in India as well as Aden. From the 1st of April, 1937, Aden will only collect light dues to cover the cost of the lighthouses for which the Colony is responsible, at the rate of one pie per ton—see Secretary of State's despatch No. 386 of 15th December, 1936*.

III. *Reimbursements.*

Increase Rs.192,360.—This increase is due to the fact that certain reimbursements by His Majesty's Government were paid to the Government of India direct and not included in the Aden budget.

IV. *Posts and Telephones.*

Aden Post Office is directly under the control of the Postmaster-General, Bombay, until 31st March, 1937. No separate Aden budget has been maintained. The estimates for 1937–38 have been compiled by the Postal Expert.

V. *Miscellaneous.*

Decrease Rs.15,000/-.—The decrease under rents is due to the closing down of the Perim Coal Company.

VI. *Interest* and

VII. *Receipts in Aid of Superannuation.*

The Colony will at present have no investments apart from those held on behalf of the Savings Bank and Provident Funds. Interest received on such investments will be credited to a ledger account and the accounts of both Bank and Funds will be maintained separately below the line.

* 78116/36 [No. 24]: not printed.

VIII. *Share of Lump Sum Payment by the Perim Coal Company on Termination of Lease.*

This is a non-recurrent receipt—Colonial Office letter of the 21st September, 1936*, to the India Office refers. The amount received from the Company (Rs.94,770) is divisible between the Colony and the Government of India in the ratio 73:15. From the Colony's share has to be deducted £2,000/- paid by His Majesty's Government in respect of plant, etc., taken over.

5. The expenditure estimates show a gross increase over the 1936–37 estimates of about Rs.466,000/-, which is chiefly accounted for by the following services:—

	Rs.
(*a*) Overseas sterling Pay for certain officers belonging to Indian cadres	10,000
(*b*) Contributions to the Government of India in respect of seconded personnel	20,000
(*c*) 1936–37 salary commitments	65,000
(*d*) Printing and Stationery	10,000
(*e*) Finance Officer (new appointment)	13,000
(*f*) Audit	15,000
(*g*) Pensions	16,000
(*h*) Miscellaneous Services (Postal Expert, Coronation, etc.) ...	20,000
(*i*) Perim	36,000
(*j*) Public Works Extraordinary	59,000
(*k*) Posts and Telephones	164,000
	Rs.428,000

The balance of Rs.38,000 is made up of increases under " Personal Emoluments " due to normal increments and under " other charges " due chiefly to the increased number of passages required in 1937–38. Passages have been provided for under " Transport and Travelling ".

6. The following notes explain items (*a*) to (*d*) in the previous paragraph:—

(*a*) *Overseas Sterling Pay.*

These payments have been made up to the present by the High Commissioner for India, London, and reimbursement claimed direct from the Government of India. No provision has hitherto been made in the Aden budget. This pay is a part of the emoluments of the officers concerned and provision must now be made in the estimates.

(*b*) *Contributions to the Government of India.*

In return for these contributions the Government of India will defray the cost of leave, salary and passages of officers lent to Aden on foreign service terms.

(*c*) *1936–37 Salary Committee.*

Under the Indian Government regulations salaries are paid on the first of the month following that in which they are earned. Salaries for March, 1937, will therefore be paid in April, 1937. As it has been decided that the new Colony will be liable for all payments made after the 31st March, 1937, it is necessary to provide for an extra month's personal emoluments in the 1937–38 Estimates.

(*d*) *Printing and Stationery.*

This has been provided free by the Government of India. From the 1st of April, 1937, it will be necessary to vote funds for the service.

7. The following additional points call for comment under individual Heads of Expenditure:—

I. *General Administration.*

Items 1–4. The post of Chief Commissioner has been shown as superseded by the post of Governor. The salary scale is that approved in Secretary of State's despatch No. 349 of 11th November, 1936†.

Item 9. Financial Secretary.—This new appointment was approved in Secretary of State's despatch No. 280 of 15th September, 1936‡. Although the post was then

* No. 83. † 78143/36: not printed. ‡ P.F. 14145.

styled as that of Finance Officer, it is considered that " Financial Secretary " is more appropriate and follows the nomenclature used in the enclosure to the Secretary of State's circular despatch of the 25th January, 1937.

Item 10. Extra Assistant Commissioner.—This post is shown as abolished, but in its place a post of Magistrate has been inserted under VI Judicial—Resident's despatch No. 566 of 18th November, 1936*, refers.

II. *Audit.*

These estimates are provisional. The cost of the Auditor's salary, passages, etc., are to be shared with British Somaliland in accordance with the arrangements set out in Secretary of State's despatch No. 311 of 7th October, 1936†. Aden's estimated share of the common expenditure is shown as a " Contribution to the Government of Somaliland."

III. *Ecclesiastical.*

It is anticipated that the present chaplains will be replaced during the course of the year by Royal Air Force chaplains. The Air Ministry has agreed to bear the cost of approximately three-quarters of the cost of two chaplains—Secretary of State's telegram No. 17 of 27th January, 1937‡, refers. Provision has therefore been made only for the remaining quarter of the cost of the establishment.

VI. *Judicial.*

Items 1–2. Provision has been made for the suppression of the post of District Sessions Judge and the creation of the post of Chief Justice. The salary shown against the post is a provisional figure.

Item 3. Allowances to Mr. Constantine.—Provision is made for two months only.

Item 4. Allowance to Mr. Lawrence.—This is payment for legal work at the Colonial Office and has been sanctioned in Secretary of State's despatch No. 375 of 3rd December, 1936§.

Item 5. Magistrate.—A new appointment in lieu of the Extra Assistant Commissioner whose post is being abolished—see Head I, Item 10. Resident's despatch No. 566 of 18th November, 1936*, refers.

VII. *Medical and Public Health.*

Item 23. Equipment and Furniture, Rs.2,300.—This sum is required to replace hospital furniture (chiefly beds) which is in a dilapidated condition.

Item 39. Grant to Nursing Association.—The increase of Rs.3,500 was approved by the Government of India during 1936 and was paid as from 1st April, 1936.

IX. *Miscellaneous.*

Item 7. Expenses in connexion with His Majesty's Coronation.—A new service which is self-explanatory. A Committee has been formed to advise as to the best methods of spending this money. The public will be also invited to subscribe towards the festivities.

Item 10. Interest.—During 1936 a suspense account was opened with the Crown Agents to finance expenditure proper to the new Administration. This vote provides for interest on these borrowings.

Item 11. Commission.—Crown Agents and other Agents.—The Crown Agents will act for the Colony in London, but it will also be necessary to appoint an agent in India to pay the salary of officers on leave, etc.

Item 13. Expenses in connexion with Postal Expert.—This covers the salary, etc., of Mr. Willbourn, seconded from the Government of Kenya for a period of four months to arrange for the transfer of the Aden Post Office from the Indian system. Secretary of State's despatch No. 312 of 8th October, 1936||, refers.

Item 14. Public Seal and Flag Badge.—The artists' fee for this service amounts to £.50, *vide* Secretary of State's despatch No. 365 of 28th November, 1936¶.

X. *Pensions and Gratuities.*

Item 1. Pensions and Gratuities—Rs.28,000.—According to information supplied by the Government of India the present pension liability of the Colony is in the region of Rs.18,000 per annum. Provision has been made for additional pensions. A list of pensioners will be included in the 1938–39 Estimates.

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* 78146/36: not printed. † No. 204. ‡ No. 190. § 78168/36 [No. 12]: not printed.
|| No. 162. ¶ 4106/6/36: not printed.

Item 2. Pension Contributions to other Administrations.—This will include payments to the Government of Kenya in respect of Mr. Willbourn's—the Postal Expert—and to the Government of Tanganyika in respect of the Financial Secretary who was seconded to Aden for three months prior to the 1st April, 1937.

XI. *Perim.*

With the closing down of the Perim Coal Company it became necessary to provide for services formerly maintained by the Company. The net additional recurrent cost to the Colony is Rs.36,160, less Rs.11,600 expected to be received from the sale of water (revenue item 19), i.e., Rs.24,560. This is a heavy burden on the Colony, but is necessary in view of Government liability for the administration of the Island.

XII. *Police.*

Item 13. Clerks.—The salary scales have been extended in one case from Rs.200 per mensem to Rs.250, and in another from Rs.150 per mensem to Rs.200/-. It is considered that these extensions are justified in view of the responsibilities of these clerks in such a large Department as the Police Department.

XIII. *Posts and Telephones.*

No figures are given for 1936–37 as Aden Post Office is directly under the control of the Postmaster-General, Bombay, until 31st March, 1937. No separate Aden budget has been maintained.

These estimates have been prepared by the Postal Expert. The staff provided for is the same as was maintained by the Indian Post Office. Provision has been included for the printing of the new stamps for the Colony.

XVI. *Public Works Extraordinary.*

Item 1. House of Finance Officer.

Item 2. Quarters for Commandant of Police.—Approval for the immediate construction of these quarters was given in Secretary of State's despatch No. 288 of 23rd September, 1936*. Building was commenced in 1936–37 and expenditure is being charged to a suspense account pending provision of funds in the Colony's budget.

The remaining items under this Head provide for works urgently required. Had funds been available a request for the appropriation of a much larger sum for Public Works would have been made.

XVII. *Taxes on Income.*

Item 5. Clerks.—Provision has been made for the extension of the scale of the Head Clerk from Rs.105 per mensem to Rs.150. It is considered that the responsibilities of the post justify this increase.

78157/36 [No. 15].

No. 18.

COLONIAL OFFICE

to

AIR MINISTRY.

Downing Street, S.W.1, 2nd April, 1937.

SIR,

I am directed by Mr. Secretary Ormsby Gore to refer to your letter of the 19th January†, forwarding an Estimate of the cost of the Aden Protectorate levies during the financial year 1937/38, and in reply to request you to inform the Air Council that the Lords Commissioners of the Treasury have given their approval to the provision of £27,500 in the 1937/38 Estimates for Colonial and Middle Eastern Services in respect of this item.

I am, &c.,

K. W. BLAXTER.

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* 78134/36 [No. 9]: not printed. † No. 13.

78157/36 [No. 16]. No. 19.

THE SECRETARY OF STATE
to
THE GOVERNOR.

(No. 5.)

SIR, Downing Street, 2nd April, 1937.

I have the honour to refer to your despatch No. 568 of the 18th of November*, submitting an Estimate of Expenditure during the financial year 1937–38 on Aden Protectorate Services, and to inform you that the Lords Commissioners of the Treasury have approved the insertion of a sum of £69,780 under the Aden Sub-head of the Colonial and Middle Eastern Services Vote for 1937–38. A copy of the Civil Estimates Class II for the year ending 31st March, 1938†, is enclosed and on page 103 you will see details of the provision made. The variations from the figures recommended by you are explained in the enclosed statements‡.

2. As regards expenditure on Protectorate Chiefs and Services, approval has been given, exceptionally, to the provision of £13,000, on the understanding that the total annual recurrent expenditure under this item must, in future, be kept within the limit of £12,000, as authorized in the despatch No. 49 of the 15th April, 1935§ from Sir Phillip Cunliffe-Lister (now Viscount Swinton). This approved provision is lower by £630 than the figure given in your Estimate, and you should therefore make economies to this amount under Head II (E) of the statement in the way which seems to you the most convenient.

3. On the understanding that the maximum provision of £13,000 referred to above will not be exceeded, I approve the provision of £450 requested in your telegram No. 4 of the 15th January||, in connexion with the proposed Conference of Protectorate Chiefs at Lahej.

4. With regard to the provision of £90 for political officers' telephones, under Head II (*c*) (3), I desire to have fuller information as to the necessity for this provision and the charges which it is designed to cover. The sanction accorded in 1934 for the provision of £30 for the installation and maintenance of Mr. Ingrams' telephone was given after consideration of the special circumstances described in your telegram No. 106 of the 20th April, 1934¶. The cost of the maintenance of a telephone would usually be for the official himself to pay, but I recognize that there may be special circumstances which might justify a part payment from Government funds. No expenditure should, meantime, be incurred from the additional sum of £90 now provided under this item.

5. Provision is included for the payment of £500 to the Colony as compensation for the exemption from Aden income tax of officers serving at Aden who are paid from United Kingdom funds. The provision is only made pending full consideration of the matter, and I am not yet in a position to say whether I regard this as the most satisfactory way of dealing with the position or not. I shall address you fully on the position in due course, and in the meantime the matter must be regarded as *sub-judice*.

I have, &c.,
W. ORMSBY GORE.

78156/36 [No. 18A]. No. 20.

COLONIAL OFFICE MEMORANDUM REGARDING ADEN COLONY ESTIMATES FOR 1937/38.

Revenue.

Head I—Duties, Taxes, Licences, etc.

Item 1, Taxes on Income.

Item 2, Taxes on Salt.

As the Treasury is aware, it is difficult to forecast, until the new Administration has been working for a reasonable period, what will be the receipts from these two items.

The question of the amount of revenue which can be realized from these two sources will continue to be the subject of close attention, both by the Governor and the Colonial Office, and in the meantime there seems no alternative but to approve the figures inserted in the Estimates.

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* No. 11. † Not reprinted. ‡ Not printed. § No. 7 in Middle East No. 57.
|| 78157/36 [No. 10]: not printed. ¶ 37915/34 [No. 6]: not printed.

Head II—Receipts for or in aid of specific Government Services.

Item 13, Light Dues.

The light dues previously collected at Aden included an amount in respect of lights provided at ports in India. These have now ceased to be collected, and the only dues now left are those in respect of the maintenance of the lighthouses for which Aden is responsible—see comments under Item 22 of Head VIII, Expenditure.

Head III—Reimbursements.

Item 20(e) and Item 21(d).

Reimbursements by Aden Port Trust in respect of audit—see correspondence referred to under Head II of Expenditure.

Item 22—Reimbursements by His Majesty's Government.

Reference is invited to the meeting held at this office on the 19th June, 1936, at which a Treasury representative was present. Certain decisions with regard to the future financial arrangements in respect of Aden were reached at that meeting and in subsequent correspondence with the Treasury—see Mr. Hale's letter to Mr. Cowell No. S.39341 of the 31st July, 1936*. Provision has accordingly been made for the receipt by the Colony of contributions in respect of services rendered by the Colony to the Protectorate, estimated on the same basis as in the past. It is proposed, however, to consider later in the year whether any adjustments of a minor character are required in these contributions as a result of the changes in the administration introduced on the 1st April last.

The relation between the amounts provided under item 22 of this Head and the amounts provided under Subhead I—Aden of the Colonial and Middle Eastern Services Vote 1937 appears to be as follows:—

Service.	*Aden Estimates, Head III, Item 22.*	*C. and M.E.S. Estimates, Subhead I (I)*
	Rs. £	£
Police	(*a*) 106,660 = 8,000	(*c*) (1) 8,000 Contribution. (2) 500 Rent of buildings. (3) 1,300 H.M.G.'s share of Capital Expenditure.
Commandant's Bungalow	(*d*) 12,600 = 945	950 H.M.G.'s share (one-half) of cost. (S.41202—15.9.1936).†
	£8,945	10,750
Medical	(*b*) 25,000 = 1,875	(*b*) (1) 1,875 Contribution. (2) 240 H.M.G.'s share of Capital Expenditure.
Protectorate Services ..	(*c*) 45,000 = 3,375	(*a*) 3,200

In view of the fact that no definite commitments are known in respect of the provision in the Colonial and Middle Eastern Services Vote under (*c*) (3) and (*b*) (2) above, and also the fact that no provision has been made in the Colony's estimates under Head XVI for the Colony's share of any such expenditure, it is not thought to be necessary to increase the provision under item 22 of this Head.

Head IV—Posts and Telephones.

Provision is made for the receipt of £12,000 in respect of the sale of stamps. It appears from the Governor's despatch of the 27th April‡ enclosed that this is an underestimate of at least £13,000.

Expenditure.

Head I—General Administration.

Items 1 and 2.

The rate of salary and duty allowance to be paid to the Governor was sanctioned in Treasury letter No. E.19172/4 of the 17th September, 1936§.

* No. 262. † 78134/36 [No. 7]: not printed. ‡ 78212/37 [No. 1]: not printed.
§ 78143/36 [No. 7]: not printed.

Item 9, Financial Secretary.

It was agreed at the meeting held at this office on the 23rd June, 1936, at which a Treasury representative was present, that a Financial Secretary should be appointed for the new Colony of Aden, and that it was desirable that an experienced official should be selected who would be able to tide the Colony over the first two or three years. The official ultimately selected accepted the post at a salary of £1,000 per annum, and this amount appears in the estimates under this item. He has, however, since represented that since he will have to pay rent for the quarters which he occupies at a rate of 10 per cent of his salary, he has hardly benefited at all as a result of his transfer to Aden. It was recognized at the time when the appointment was made that the terms offered represented very little improvement upon the officer's existing emoluments, and in view of his representations the Governor has been authorized to make provision in the estimates for 1938–39 for a salary at the rate of £1,100 per annum for the Financial Secretary.

Head II—Audit.

The arrangements set out under this Head have received Treasury approval in their Lordships' letters* No. E.7758 of the 18th January, 1937, and E.34400 of the 2nd February, 1937.

Head III—Ecclesiastical.

The arrangements provided for under this Head have been sanctioned by the Treasury in their letter No. S.40112 of the 28th April, 1937†. It is expected that in October the two chaplains of the Indian Ecclesiastical Establishment will be replaced by the two chaplains of the Royal Air Force.

Head IV—Education.

Item 1, Education Officer.

A despatch has recently been received from the Governor recommending that the present Education Officer who is an Indian and whose period of service at Aden will normally expire in August, should be replaced by a British officer from the Colonial Education Service. The salary proposed by the Governor is £900 per annum plus a conveyance allowance of £67 10*s.* 0*d.* The Governor's despatch is under consideration in this Department, and if his proposal is approved an increase of about £160 per annum will arise under this Head. A further letter will be addressed to the Treasury on this question, and in the meantime it is requested that the provision as made in the estimates may be sanctioned.

Head VI—Judicial.

Item 1.

The appointment of a Chief Justice for the new Colony was sanctioned in Treasury letter No. E.34214 of the 4th January, 1937‡.

Item 3 (Special Pay and Overseas Sterling Pay).

These are provided for a period of two months only until Mr. Constantine reverts to the Indian Service.

Item 4, Allowance to Mr. Lawrence.

This is the £50 per month which has been paid to Mr. Lawrence during the period that he was carrying out special legal work in connexion with the transfer of Aden prior to his leaving this country and while acting as Legal Adviser at Aden prior to his taking up appointment as Chief Justice. This arrangement was also sanctioned in Treasury letter No. E.34214 of the 4th January, 1937§.

Item 5, Magistrate.

Since these estimates were prepared it has been decided to appoint a Legal Adviser from the Colonial Legal Service and not a Magistrate as proposed by the Governor. In place of Item 5, therefore, provision must be made for the salary of the new Legal Adviser at the rate of £600 per annum. This was sanctioned in Treasury letter No. E.34214 of the 10th March, 1937||.

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* 78114/37 [Nos. 1 and 3]: not printed. † No. 192. ‡ 78147/37 [No. 1]: not printed.
§ 78146/37 [No. 5]: not printed. || 78146/87 [No. 5]: not printed.

Head VIII—Mercantile Marine and Lighthouses.

Items 1 and 2.

Future arrangements in respect of the Port Officer at Aden are at present the subject of correspondence with the Governor. In the meantime the existing arrangements must continue.

Item 22, Contribution for Upkeep of Ras Marshag Lighthouse.

There are two lighthouses at Aden and two at Perim. The two lighthouses at Aden are maintained by the Aden Port Trust subject to a contribution of half the cost of Ras Marshag Lighthouse from Government funds. The two lighthouses at Perim were previously maintained by the Indian Lighthouse Department. It is now necessary for them to be maintained by the Colony of Aden, and the necessary light dues to cover the cost will be collected. Provision for the receipt of these appears under Item 13 of Head II—Revenue.

Head IX—Miscellaneous Services.

Item 13, Expenses in connexion with Postal Expert.

The Postal and Telephone Services at Aden previously formed part of the Bombay Postal Department. It was essential that during the transfer period a postal expert should proceed to Aden to examine the position and arrange for the smooth transfer of control from the Bombay Postal Service and the establishment of a new and independent postal and telephone service for the Colony of Aden. Arrangements were accordingly made for a postal official from the Government of Kenya to proceed to Aden for this purpose, and the provision under this Head is for his salary for a period of four months, his travelling expenses, pension contribution, etc.

Item 14, Public Seal and Flag Badge.

It was necessary with the establishment of the Colony that a Flag Badge and a Public Seal should be provided. Arrangements for this have been made with the Royal Mint, and the sum provided under this item represents the artist's fee of £50 and other sundrie expenses.

Head X—Pensions and Gratuities.

At the meeting held at this office on the 19th June, 1936, certain decisions were reached regarding the liability for the payment of pensions which must be accepted by the new Colonial Administration. Paragraphs 14 et seq. of the record of the meeting deal with this question, and it also formed the subject of more detailed discussion with the Treasury in connexion with the new draft pensions legislation for Aden. The provision under Item 1 of this head is to meet these liabilities.

Head XI—Perim.

Reference is invited to Treasury letters* No. S.24222/2 of the 20th August, 1936, 10th September, 1936, and 12th October, 1936, regarding the new arrangements at Perim consequent upon the departure of the Perim Coal Company and the other commercial undertakings from the Island.

Head XVI—Public Works Extraordinary.

Item 1, House for Finance Officer.

Item 2, Quarters for Commandant of Police.

Approval for the construction of these buildings was given in Treasury letter No. S.41202 of the 15th September, 1936†, and His Majesty's Government's share of the cost in respect of item 2 is shown as a receipt under Revenue Head III item 22(*d*).

Item 5, Sullage Water Drainage, " Civil Hospital."

" Civil Hospital " is apparently a mistake, and " Police Lines, Crater " should be substituted.

Attention is invited to Mr. Hale's letter to Mr. Blaxter No. S.40556 of the 11th December, 1936‡.

A copy of a despatch dated the 27th April, 1937§, from the Governor of Aden, is enclosed. In this despatch the Governor seeks authority for the expenditure of the sum of £6,600 on a further building programme in order to provide accommodation for Government officials. The Secretary of State supports the Governor's proposals and requests Treasury sanction for them, on the understanding that no expenditure will be incurred in respect of the education officer's house until approval for the new appointment has been given: see comments under Head IV (Expenditure) above. The extra cost will be more than covered by the additional receipts from the sale of stamps to collectors.

Colonial Office,
30th June, 1937.

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* Nos. 68, 78 and 94. † 78134/36 [No. 7]: not printed. ‡ 78029/36 [No. 23]: not printed.
§ 78212/37 [No. 1]: not printed.

78156/36 [No. 19].

No. 21.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 22.*]

SIR, Downing Street, S.W.1, 7th July, 1937.

I am directed by Mr. Secretary Ormsby Gore to refer to your letter No. S.21238/011 of the 5th February, 1937*, and connected correspondence regarding the Estimates for the Colony of Aden for the year 1937/38, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch† which has now been received from the Governor of Aden, forwarding draft Estimates of Revenue and Expenditure for the Colony prepared in consultation with the new Finance Officer in the form normally adopted in the preparation of Colonial budgets.

2. The Estimates are now in a form in which it is possible to see more clearly the budgetary position. They appear to have been carefully prepared, and they represent the closest estimate which it was possible to produce at the time of their preparation of the anticipated revenue and expenditure of the new Colony. It will be observed that there is a small estimated surplus.

3. As regards the Estimate of Revenue, it should be explained that the sum of Rs.52,000 under Head VIII is made up of the amount received from the Perim Coal Company less the sum of £2,000 paid for certain plant taken over from the Company. In this connexion, reference is invited to the letter from this Department of the 15th August, 1936‡, which was answered by Treasury letter No. S.24222/2 of the 20th August, 1936§, in respect of the termination of the Perim Coal Company's lease.

4. A memorandum|| commenting in detail upon certain items in the estimates is enclosed. As is explained in the Governor's despatch and the memorandum, it is not yet possible to give a very accurate estimate in respect of certain items, both of revenue and expenditure. In view, however, of the very considerable receipts from the sale of stamps to collectors, there is every reason to suppose (in spite of the request made for approval of expenditure of £6,600 for further houses for Government officials), that the budget will balance satisfactorily during the current year. I am accordingly to request that their Lordships will give their approval to the Estimates as now submitted.

I am, &c.,

H. R. COWELL.

78156/36 [No. 30].

No. 22.

TREASURY

to

COLONIAL OFFICE.

S. 42165/01/37.

SIR, Treasury Chambers, 20th August, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 7th July¶, with its enclosures, regarding the draft Estimates of revenue and expenditure of the Colony of Aden for the year 1937–38, and I am now to request you to convey to Mr. Secretary Ormsby-Gore the following reply.

2. The Estimates as submitted provided as follows:—

Revenue	Rs.1,664,160
Expenditure	Rs.1,659,444
Surplus	Rs.4,716

but the Governor subsequently asked in his despatch No. 40 of the 27th April, 1937**, for authority for expenditure of Rs.88,000 to meet the cost of erecting houses for the Chief Justice, the Legal Adviser and the Education Officer. This expenditure, it was explained, would be more than covered by the additional revenue which will accrue under Head IV, Posts and Telephones—Sale of Stamps.

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* No. 15. † No. 17. ‡ No. 64. § No. 68. || No. 20. ¶ No. 21.

** 78212/37 [No. 1]: not printed.

3. Subject to the remarks in the following paragraphs, My Lords sanction the Estimates on the basis submitted and They authorize expenditure not exceeding Rs.88,000 in building the houses referred to in the foregoing paragraph.

4. My Lords appreciate the difficulties of framing the first Budget for the new Colony and in connexion with the Estimates for 1938–39 They would be glad to receive special reports on the following heads of expenditure in the light of the experience gained, viz., Head VII, Medical; Head XI, Perim; Head XII, Police; Head XIII, Posts and Telephones.

They observe that the expenditure on police is Rs.407,500 or nearly 25 per cent of the total expenditure of the Colony, and some economies may be possible under this heading.

5. My Lords note that the Governor has been authorized to make provision in the Estimates for 1938–39 for a salary at the rate of £1,100 per annum for the Financial Secretary and They concur in this proposal on the understanding that the rate will be subject to review upon a vacancy.

6. I am to add, with reference to Mr. Cowell's letter of the 6th instant*, that My Lords agree that a new subhead of expenditure may be opened in the 1937–38 Estimates under " Head I—General Administration " entitled " Government House Contingencies " for £150 (Rs.2,000). They note that savings to cover this subhead can be earmarked under Head XV—" Public Works Recurrent—Maintenance of Roads ".

I am, &c.,

F. PHILLIPS.

78156/36 [No. 32].

No. 23.

THE SECRETARY OF STATE

to

THE GOVERNOR.

[*Answered by No. 24.*]

(No. 176.)

Downing Street, 1st September, 1937.

SIR,

I have the honour to confirm the despatch of my telegram No. 69 of the 24th August†, reading as follows:—

" Estimates 1937–38 approved in accordance with your despatch No. 93 of the 3rd March‡. Despatch follows."

2. In approving the Estimates, I appreciate the difficulties inseparable from the preparation of the first budget for the new Colony, and, in connexion with the Estimates for 1938–39, I shall be glad to receive special reports, in the light of the experience gained on expenditure under the following heads, viz., Head VII, Medical; Head XI, Perim; Head XII, Police; and Head XIII, Posts and Telephones. In particular, I observe that estimated expenditure on Police amounts to Rs.407,500, or nearly 25 per cent of the total expenditure of the Colony: some economies may be possible under this heading.

3. I note that you are examining the possibility of the two local bodies, the Aden Settlement and the Aden Port Trust, making further contributions for services performed by the Central Government.

4. I have already conveyed to you my authority for the inclusion in the 1938–39 Estimates of provision of £1,100 for the salary of the Finance Officer, but it should be understood that this rate of remuneration will be subject to review upon the occurrence of a vacancy in the appointment. Your recommendation that the title of this post should be changed to " Financial Secretary " is under consideration and I shall address a further despatch to you on the subject.

5. With reference to your despatch No. 124 of the 23rd June§, I approve your proposal to open a new subhead of Expenditure in the current Estimates under " Head I—General Administration " entitled " Government House Contingencies ", for Rs.2,000, to cover which savings can be earmarked under Head XV—" Public Works Recurrent—Maintenance of Roads ". The proposal, also included in that despatch, to open a new head of Expenditure to cover the excess of liabilities taken over from the Government of India will form the subject of a separate despatch.

I have, &c.,

W. ORMSBY GORE.

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* 78156/36 [No. 26]: not printed. † 78156/36 [No. 31]: not printed. ‡ No. 17.
§ 78156/36 [No. 22]: not printed.

78156/37 [No. 6]. No. 24.

THE OFFICER ADMINISTERING THE GOVERNMENT

to

THE SECRETARY OF STATE.

(Received 7th December, 1937.)

[*Answered by No. 27.*]

(No. 365.)

SIR, Governor's Office, Aden, 24th November, 1937.

I have the honour to transmit herewith twelve copies of the Draft Estimates* of the Colony for the financial year 1938/39 together with three copies of a Memorandum prepared by the Finance Officer. The footnotes to the Estimates themselves and the Memorandum explain all the items of an unusual nature and all the differences between the approved estimates for the current year and the proposed expenditure for next year.

2. In your despatch No. 176 of the 1st September, 1937†, you requested that special reports should be submitted in connexion with the Heads VII Medical; XI Perim; XII Police; XIII Posts and Telephones. Those reports are included in the Memorandum. There is a small reduction under " Medical " but this will tend to disappear with the inevitable annual increase in " Personal Emoluments " due to the fact that all the Subordinate Medical Officers are at present on the minimum of their grade. An effective reduction of Rs.8,000/- has been made under " Perim ". The organization of the Police Force has been examined in detail with a view to ascertaining whether economies can be effected and still provide that element of security which is so necessary in this part of the world. I have come to the conclusion that a material reduction of the Force would be inadvisable and in any case I should be averse to making any recommendation in that direction without consulting Sir Bernard Reilly. Minor economies which it may be found possible to effect should I consider be earmarked for the purpose of forming a Criminal Investigation Section which does not exist at the present time. The Head " Posts and Telephones " unfortunately shows a considerable increase. This is due mainly to the Empire Air Mail Contribution and to the appointment of a European Postmaster. Both these services have already been approved by you.

3. In Sir Bernard Reilly's despatch‡ forwarding the Estimates for the current year he indicated the possibility of the local bodies making further contributions to the Central Government. The Aden Settlement has agreed to take over the responsibility for the maintenance of the main road with the result that a saving of Rs.29,000/- is shown against item 2 of Head XV Public Works Recurrent. The local bodies have also agreed to increase their contributions towards " Education " as follows:—Port Trust Rs.10,000/-; Aden Settlement Rs.20,000; and provision has been made accordingly under Revenue Head III Reimbursements. The Executive Committee of the Settlement, however, considers that these increased contributions should result in some improvement in the standard of education. Sir Bernard Reilly has, I know, always considered that the standard is low and should be improved. There is however one serious difficulty in the way, that is, the lack of accommodation. This can be overcome by converting one of the old barrack buildings into a school and provision is made accordingly under item 3 of XVI Public Works Extraordinary. No provision has been made for the increase in the teaching staff which will be necessary as this aspect of the problem has yet to be investigated by the Education Officer who has only recently arrived. Some additional funds for staff will be necessary but the amount will not be large in 1938/39. A further communication on this subject will be addressed to you during the course of next year.

4 I wish to draw your attention to item 1 of XVI Public Works Extraordinary. A sum of Rs.19,000/- has been provided for a very necessary extension to the Secretariat Building. The necessity for this additional accommodation results not only from the expansion of headquarters staff, due to the formation of the new Colony, but to the expansion of the Aden Protectorate Staff with the consequent increase in the clerical establishment, 50 per cent of which is employed in Protectorate work. I suggest therefore for your consideration that it will not be unreasonable to ask His Majesty's Government to meet 50 per cent of the cost of the extension i.e. £700/- and I hope it will be found possible to make provision accordingly in the Middle Eastern Services Vote.

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* Not reprinted. † No. 23. ‡ No. 17.

5. The Colony's Budget for 1938/39 is as follows:—

	Rs.
Revenue	1,818,900
Expenditure	1,774,634
Surplus	44,266

I should have liked the surplus to be sufficiently large to wipe out the excess of liabilities over assets but the necessity for budgeting for a rather large Public Works programme prevented this being done.

6. I wish also to draw your attention to the fact that the Revenue Estimate includes abnormal receipts amounting to Rs.150,000/- under item 24 " Sale of Stamps ". This assumes that the proposal to issue a new series of stamps on the 1st of January, 1939, will be approved—my despatch No. 344 of 10th November, 1937*, refers. But for these abnormal receipts, the revenue estimate would be Rs.1,669,000/- only, a figure which would have allowed no margin for Extraordinary Works, a most undesirable position. That, however, will in all probability be the position in 1939/40 unless some strengthening of the finances of the Colony is arranged. The financial position is all the more unfortunate in that the Income Tax rates include a sur-tax of one twelfth which was imposed by the Government of India during the economic depression. I consider that it should be one of the aims of the Government's financial policy to abolish that sur-tax as soon as possible—but it will cost about Rs.50,000/-. There is another revenue item which calls for comment—Telephone Receipts. The present rates were considered to be excessive by the Postal Expert and a reduction in the annual rental from Rs.300/- to Rs.200/- per exchange line was recommended by him. It has not been possible to arrange for that reduction as it would cost about Rs.15,000/-. The uncertain future prospects of the Salt industry in the Indian market should of course always be borne in mind in connexion with any proposals to reduce taxation as a considerable portion of the Colony's present revenue is dependent upon the prosperity of the salt companies. The financial future of the Colony under present conditions is therefore not very clear. It may be that some pooling of resources between Government and the local bodies is the solution. Sir Bernard Reilly will probably discuss this with you while he is on leave.

7. To return to the Estimates for 1938/39. There are a few minor increases in subordinate staff which are explained in the Memorandum. The major changes under Personal Emoluments which have not yet received your approval are:—

(*a*) The increase of the Legal Adviser's emoluments from £600/- to £800/- per annum. Head VI item 5. Sir Bernard Reilly's despatch No. 276 of the 2nd October, 1937†, refers.

(*b*) Revision of the scale of the salary of the Office Superintendent in the Secretariat (Head XVII item 8). A small increase is involved. The reasons for the suggested revision are given in the Memorandum.

(*c*) Revision of the scale of the salary of the Income Tax Officer Head XVIII item 1. This revision results in a considerable saving.

A new service has been included under Head VII Medical (item 44) to provide for conservative dental treatment to Government officials where such treatment is considered necessary by the Senior Medical Officer. A despatch has already been sent to you on this subject (No. 279 of 4th October 1937‡).

8. In conclusion I should mention that the Estimates have been prepared on the broad lines approved by Sir Bernard Reilly before his departure. It would be a convenience if your approval could be communicated to this Government before the 1st of April next.

I have, &c.,

M. C. LAKE,

Acting Governor.

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* 4704/17/37: not printed. † Not printed. ‡ 78239/37: not printed.

Enclosure 2 in No. 24.

ADEN COLONY.

MEMORANDUM ON THE ESTIMATES OF REVENUE AND EXPENDITURE FOR 1938/39.

The Estimates of Revenue and Expenditure for the year 1938/39 are as follows:—

	Rs.
Revenue	1,818,900
Recurrent Expenditure	1,646,634
	172,266
Extraordinary Expenditure	128,000
Estimated Surplus	44,266

2. Before examining these estimates in detail it will be useful to consider the probable financial results of the year 1937/38. At the date of the separation of Aden Colony from India (1st April 1937) the liabilities taken over (chiefly the Post Office Savings Bank and the General Provident Fund) exceeded liquid assets by about Rs.380,000. This excess of liabilities was presumed to be balanced by fixed assets in the shape of buildings. The Balance Sheet, however, opened with an excess of liabilities of the figure stated. The cash taken over was adequate for administrative purposes but there was no margin available for investment against the Savings Bank and Provident Fund liability—an unsatisfactory situation. But with the knowledge that His Majesty's Government would come to the aid of the Colony if there was a run on the Savings Bank it was decided to await the results of 1937/38 before considering what should be done to strengthen the financial position.

3. The year 1937/38 is likely to turn out far better than the most optimistic estimate. The original estimates were Revenue Rs.1,664,160; Expenditure Rs.1,659,444; a surplus of Rs.4,716. The Revised Estimates are Revenue Rs.2,060,000; Expenditure Rs.1,757,000; a surplus of Rs.303,000. The anticipated increase of nearly Rs.4 lakhs in revenue will be due almost entirely to the unprecedented sales of the first issue of Aden Colony postage stamps and also to sales of the Coronation issue of three denominations. The other anticipated increases are under Taxes on Salt, Excise Duties, Court Fees and under Reimbursements. The latter is due to the increased contributions which the Port Trust and the Settlement have agreed to pay towards the cost of Education. The anticipated increase in Expenditure of nearly Rs. one lakh results from the fact that it is necessary to build houses for certain officers newly appointed to the Colony viz. the Chief Justice, the Legal Adviser and the Education Officer. These houses are estimated to cost Rs.94,000. There will be savings under certain recurrent heads which will be balanced roughly by excesses on others.

4. As the year opened with an excess of liabilities of Rs.380,000 and the estimated surplus for 1937/38 is now Rs.303,000 the estimated excess of liabilities at the end of the year will be reduced to Rs.77,000. As stated in the opening paragraph the estimates for 1938/39 show a surplus of Rs.44,266. Thus by the 31st March 1939 the excess of liabilities should be reduced to Rs.32,734. This is a very small figure which will possibly be wiped out entirely as a result of general savings during the year (1938/39). At this stage it is of course not possible to indicate those savings.

5. The Revenue Estimate for 1938/39 is Rs.154,740 in excess of that for 1937/38 due chiefly to the fact that receipts from the sale of postage stamps have been increased by Rs.140,000 to provide for sales of the proposed new issue to collectors and dealers. There are increases under other heads but these are balanced by the disappearance of the extraordinary receipt from the Perim Coal Company in 1937/38.

6. The Expenditure Estimate for 1938/39 is Rs.115,190 in excess of that for the current year due chiefly to an increase of about Rs. one lakh under Miscellaneous Services to provide for " Double Income Tax " refunds and for the interest payable on Post Office Savings Bank deposits. There are important increases under Public Works Extraordinary of (Rs.54,800) Pensions and Gratuities (Rs.22,000) and Posts and Telephones (Rs.36,800) but these are balanced by savings under other Heads.

7. The Estimates are considered in more detail in the following paragraphs.

Revenue.

8. Comments on individual Heads of Revenue follow:—

I Duties Taxes and Licences. Rs.957,000. Increase Rs.26,000.

1 *Taxes on Income* Rs.600,000.

This figure represents the gross collections anticipated. Refunds in respect of " double income tax " are provided for under expenditure " Miscellaneous Services ". In 1937/38 the estimate was Rs.560,000/- but this was a net figure assuming that refunds would be in the region of Rs.50,000/-. No real increase in Income Tax collections are therefore expected. The estimate is based on the continuance of the temporary surcharge of 1/12 on the basic Indian income tax rates.

5 *Stamp Duties.* Rs.60,000/-.

The decrease of Rs.19,000/- is partly due to an over estimate in 1937/38 and partly due to the fact that receipt from Court Fees (which are paid by means of labels) were estimated for under " Stamp Duties ".

II Receipts for or in aid of Specific Government Services. Rs.101,100. Increase Rs.9,200.

The increase under item 9 " Fees Court " is explained by the note in respect of item 5 above. Otherwise there is nothing calling for special comment.

III Reimbursements. Rs.351,800. Increase Rs.26,540.

The increase is due chiefly to increased contributions by the Aden Port Trust and the Aden Settlement in respect of cost of the Education Department.

IV Posts and Telephones. Rs.399,000. Increase Rs.138,000.

Item 24 Sale of Stamps. Rs.300,000.

Normal sales of stamps amount to about Rs.150,000 per annum. It is anticipated that an equivalent amount will be received from dealers and collectors in respect of the proposed new issue.

The decrease under " Telephone Receipts " is balanced roughly by an increase under " Parcel Post ". Both these changes are explained in the footnotes.

V Miscellaneous. Rs.10,000. Increase Rs.7,000.

This head is relatively unimportant.

VI Share of lump sum payment by the Perim Coal Company on termination of lease. Decrease Rs.52,000.

This was a non recurrent item.

Expenditure.

9. The following are comments on individual Heads of Expenditure:—

I The Governor. Rs.58,050. Increase Rs.58,050.

The Governor was formerly provided for under the Head Genera Administration (now XVII Secretariat). It is desirable that the Government House establishment and " other charges " should be shown separately. A corresponding saving will be found under Head XVII Secretariat.

II Audit. Rs.19,540. Increase Rs.4,540.

As the Auditor did not arrive until July 1937 the provision for 1937/38 was only for a part of the year. Full provision is necessary in 1938/39.

III Ecclesiastical. Rs.10,400. Increase Rs.3,350.

The 1937/38 Estimate was based on the assumption that the Air Ministry would pay three quarters of the cost of the Civil Chaplains. The Civil Chaplains have since been replaced by R.A.F. Chaplains, in respect of which the Government of the Colony, contributes a fixed sum of £600 per annum. The cost of the subordinate staff is borne by the Colony with contributions from the Air Ministry.

IV Education. Rs.82,900. Decrease Rs.11,000.

The decrease is due chiefly to the suppression of the post of Assistant Education Officer and to the fact that no provision is required under item 22 for Commitments from last year.

There are minor necessary increases in establishment viz.:—

Item 10 1 Temporary Assistant Master.
Item 17 1 Assistant Mistress.

Further increases will probably be necessary if the standard of Education is to be improved but future developments must await an investigation by the new Education Officer.

V Excise and Salt. Rs.37,007. Decrease Rs.1,235.

These estimates are practically the same as last year except that no provision is necessary under item 10 for Commitments from last year.

VI Judicial Legal and Registration. Rs.75,801. Decrease Rs.4,099.

Item 5 Legal Adviser.

Provision has been made to increase the salary from £600 per annum to £800. This is the subject of a separate despatch. It will be observed that the increased salary is balanced by savings under item 3 (allowance made to Mr. Lawrence when acting as Legal Adviser) and item 4 (the post of Magistrate, which was not approved).

Item 8 Clerk of the Supreme Court.

This is a statutory appointment but the new post is balanced by a reduction under item 9 Clerks.

" Other charges " show an increase of Rs.2,680 chiefly due to a revision in the scale of payment to the Public Prosecutor, but there are savings under " Personal Emoluments " which result in a net saving on the Head of Rs.4,099.

VII Medical and Public Health. Rs.182,284. Decrease Rs.19,818.

The Secretary of State has asked for a special report in connection with this Head (Despatch No. 176 of 1st September, 1937).

Items 1 and 2 Senior Medical Officer.

Economies amounting to about Rs.11,000/- have been effected by replacing the Indian Service Officer with a Colonial Service Officer.

Item 3 Civil Surgeon.

This Officer belongs to an Indian Cadre and is being permitted to remain in Aden, until the 31st March 1939. Some economy could be effected under this item and under item 4 when the present Officer reverts to Indian Service.

Item 8 Subordinate Medical Officers.

This item shows an increase as compared with 1937/38 owing to the fact that it has been necessary to replace members of the Indian Medical Service by recruitment outside the service. The Indian Service Officers were on low scales of salary but received allowances under items 19 and 20. The consolidated scale of pay offered to the new officers was necessary in order to attract candidates with the required qualifications. The scale has already been approved by the Secretary of State. This item will increase annually by Rs.960/- until all the officers are on their maximum.

Further economies under " personal Emoluments " are only possible if services are curtailed. In point of fact it has been necessary to budget for additional temporary staff for the Civil Hospital (item 15) where the demand for medical attention is increasing. It must be remembered that the Civil Hospital provides treatment not only for the natives of the Colony but of Protectorate and the Yemen. This fact has been recognised by His Majesty's Government in the annual contribution of Rs.25,000 brought to account as Revenue. This contribution does not however represent the full share of the expenditure attributable to medical services provided for Protectorate natives.

Under " Other Charges " there is a saving of about Rs.8,000/- chiefly due to the fact that provision for contributions to the Government of India (item 45) in respect of leave and passages of seconded staff can be reduced. A saving under item 25 " Transport and Travelling " is balanced by increases under item 23 " Upkeep of Hospital " and item 29 " Maintenance of Launch ". Other items are rearranged. Item 44 is a new service and has been included to provide for payment of dentists bills of officials where conservative work is considered necessary by the Senior Medical Officer.

Attention is drawn to item 42 Grant to Nursing Association. This is an economical way (as far as Government is concerned) of providing Nursing Staff.

The Head " Medical and Public Health " must tend to increase as the newly recruited Subordinate Medical Officers receive increments. It will also require additional funds if services are to be extended. There is a field for expansion.

Head VIII Mercantile Marine and Lighthouses. Rs.55,472. Decrease Rs.1,778.

Except for a re-arrangement under " Other Charges " these estimates call for little comment. The saving under item 9 " Commitments " is partly absorbed by the necessity to provide for printing and stationery (item 17).

Head IX Miscellaneous Services. Rs.154,800. Increase Rs.102,500.

Item 12 Refunds of Revenue.

This sub-head is increased from Rs.7,800 to Rs.100,000 to provide for " double income tax " refunds. Salt companies are taxed both in Aden and India and oil companies are taxed in England as well as Aden. About half the tax collected from the " double taxed " assessees will have to be refunded. Such refunds are generally made in the financial year following the payment of the tax.

Item 13 Remittances. Rs.2,000/-.

Provision is necessary for bank charges on the transfer of funds to and from the Crown Agents and to and from India.

Item 16 Interest Savings Bank. Rs.14,000/-.

As the Colony is not yet in a sufficiently strong cash position to provide for the Savings Bank accounts to be kept on a self contained basis it is necessary to budget for the interest payable to depositors.

Item 17 Interest General Provident Fund. Rs.7,000.

This will be partly balanced by interest on investments but as the rate of interest cannot very well be fixed below 4 per cent in 1938/39 the accounts cannot be kept on a self contained basis.

Item 18 Hand book of Aden Colony and Protectorate. Rs.5,000.

This item is self explanatory and has been approved by the Secretary of State in his despatch No. 201 of the 21st of September, 1937*.

X Pensions and Gratuities. Rs.50,000. Increase Rs.22,000.

An Appendix is attached to the Estimates showing how this figure is calculated.

XI Perim. Rs.34,550. Decrease Rs.8,210.

This is another head on which the Secretary of State requires a special report. The establishment has now been reduced as far as is possible, if any administration is to be carried on at all. A saving of Rs.8,000/- has been effected. The net cost of the administration is now Rs.25,500 (Rs.34,550 less Rs.9,000 in respect of receipts from the sale of water). The cost of producing and transporting condensed water represents a large proportion of the expenditure. This expenditure is absolutely necessary if the inhabitants are to survive as there is no rainfall on the Island. Many of the inhabitants, owing to the lack of employment, are not in a position to purchase water. Free issues are made to such persons and also to Government servants. It is not possible therefore for the expenditure on water condensing to be balanced by revenue. The services provided apart from the supply of water are very scanty i.e. a small medical staff and wireless communication. Public Health and public safety demand that these should be maintained.

XII Police. Rs.383,980. Decrease Rs.23,520.

This is another head on which the Secretary of State requires a special report. The establishment is precisely the same as in 1937/38—the decrease of Rs.23,520 is roughly the provision made under item 43 in 1937/38 for Commitments. There is a re-arrangement under " Other Charges " but the total is about the same as in 1937/38.

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* 78230/37 [No. 6]: not printed.

The Vote may be analysed roughly as follows:—

		Rs.
A. Personal Emoluments.		
(1) Head Quarters.		
Commissioner, Deputy Commissioner, Prosecutor, Clerks and Peons		54,650
(2) Executive Force.		
8 Inspectors and Jamadars, 259 Head Constables and Constables		110,000
(3) Harbour Police.		
5 Inspectors and Jamadars, 57 Head Constables and Constables		39,000
(4) Armed Police.		
5 Inspectors and Jamadars, 200 Head Constables and Constables		92,000
		295,650
B. Other Charges.		
Total		383,980

It will be observed that if any economy is to be effected such economy, to be of any real value, must be made under " Personal Emoluments ". The " Other Charges " are by no means excessive taking into consideration the personnel involved.

The Armed Police are responsible for nearly one third of the Personal Emoluments total. This force consisting of 4 Inspectors 1 Jamadar and 200 Head Constables and men constitute part of the garrison of the Colony and was formed when the British and Indian infantry regiments were withdrawn from Aden. Besides providing the internal security force of the Colony and performing various military duties the Armed Police provide garrisons at Perim and Kamaran and furnish guards and escorts. The major portion of the cost of the Armed Police is met by a contribution from His Majesty's Government which is brought to account as revenue. In the opinion of the Commissioner of Police the force provides no reserve for emergencies. A reduction in the present strength would therefore be unadvisable.

The Harbour Police is a comparatively small section of the Force and the cost thereof is partly met by a contribution from the Aden Port Trust which is brought to account as revenue. The 57 Head Constables and Constables are actually employed as follows:—

Investigation and Surveillance	2
Clerical duty	1
Orderlies	2
Beats and Points	38
Plain Clothes duty	1
Boarding Ships	6
Leave Reserve	7
	57

In addition to their ordinary duties the Harbour Police co-operate with the Excise Staff in the prevention of smuggling. Were this force reduced in numbers the contribution from the Port Trust would also be reduced and one of the checks against smuggling would be weakened. The effect on the budget of a reduction in the strength of the Harbour Police would therefore be a corresponding reduction in revenue.

The Executive Force is the largest unit and of course the most expensive. It is employed in the divisions of the Colony as follows:—

	Inspectors and Jamadars.	*Head Constables and Constables.*
Tawahi	2	46
Maala	1	31
Crater	2	72
Sheikh Othman	1	45
Perim	–	13
Camel Outposts	1	11
Reserve	1	41
	8	259

The Commissioner maintains that the various divisions cannot be properly policed with less staff than is detailed above and that the reserve to cover leave, sickness and special duties is by no means excessive. It should be mentioned that the cost of Shaikh Othman Police is paid for by the Aden Settlement. That contribution is brought to account as revenue.

The net estimated cost of the Police Force to the Colony is Rs.231,320 only arrived at as follows:—

	Rs.	Rs.
Gross Estimates Expenditure ...		383,980
Less Contributions by		
His Majesty's Government ...	106,660	
The Port Trust	29,300	
Aden Settlement	34,700	170,660
		213,320

XIII Posts and Telephones. Rs.200,877. Increase Rs.36,807.

A special report is also required by the Secretary of State on this Head.

A. Posts.

It has not been found possible to reduce the establishment. In fact small increases in the " Postmen " and " Runner " grades are necessary to provide for the extension of postal services to the Eastern Protectorate. Since the 1st of April 1937 a sub office has been opened at Mukalla and postal agencies have been established at Shihr, Duan, Seiyun and Tarim. In addition to the increases necessitated by these expansions provision has been made for the Indian Postmaster to be replaced by an officer from the Colonial Service. A separate despatch has been sent on this subject.

" Other Charges " show a considerable increase due to the " Empire Air Mail Contribution " and to additional provision for printing of stamps. The amount of Rs.8,000/- for the latter was found to be quite inadequate in 1937/38. A new issue in 1939 is not likely to be less expensive than the 1937 one.

B. Telephones.

It has been necessary to provide for one additional Telephone Operator and one additional Lineman. As the Exchange must give a 24 hour service it is impossible with the present small staff to ensure one day's leisure per week for each operator. It is clearly desirable that such leisure should be given.

The additional lineman is required to cope with the additional maintenance work which is necessary and to provide a leave relief.

" Other Charges " show a considerable increase under " Maintenance and Extensions ". The additional amount is required for the replacement of the battery and several miles of badly corroded wire. With the humid Aden atmosphere and the salt impregnated soil corrosion is very rapid. Maintenance charges must necessarily be high. Additional funds are required under " Transport and Travelling " to provide for the reversion of the Engineering Supervisor and his family to India and his replacement. A small sum has been included for " Courses of Instruction " in order to increase the efficiency of the Arab technical staff.

The total estimated expenditure on Posts and Telephones is Rs.200,877 and the estimated revenue is Rs.399,000. The latter figure however includes provision for extraordinary receipts from the Sale of Stamps. In a normal year the revenue will cover expenditure on the present scale.

XIV Prisons. Rs.23,345. Decrease Rs.2,355.

The Jailor has severed his connection with the Indian Service and has been appointed to the Colonial Service on a consolidated salary scale.

The " Other Charges " votes have been re-arranged but altogether there is a saving.

XV Public Works Recurrent. Rs.80,000. Decrease Rs.24,000.

The decrease is due to the fact that the " Maintenance of Roads " has been taken over by the Aden Settlement. As that body receives all the revenue derived from road and vehicle taxes it is logical that it should also bear the cost of maintaining all the roads.

XVI Public Works Extraordinary. Rs.128,000.

Item 1. Extension to Secretariat and office furniture Rs.19,000.

Rs.18,000 is provided for the extension and Rs.1,000 for furniture. Since the inauguration of the Colony two additional European Officers (the Finance Officer and the Legal Adviser) have had to be provided with accommodation in the Secretariat Building. It has also been necessary to increase the clerical establishment. The congestion is now serious. Additional accommodation is absolutely necessary from the points of view of health and efficiency.

Item 2. Drainage Scheme Government House. Rs.10,000/-.

The Royal Air Force propose to instal a water borne drainage system in the leased area. Government House adjoins this area and could be connected economically with the proposed system. The estimate is a provisional one as the R.A.F. estimates are not yet obtainable.

Item 3. Conversion of Barracks for use as School. Rs.18,000.

The present School accommodation is entirely inadequate. Classes which are too large cannot be split up on account of lack of space. There is no separate room for teachers, no store room and no Hall. It is proposed to convert a disused Barrack building for use as a Secondary School. This can be done at reasonable cost and will relieve the present congestion.

Item 4. Conversion of Barracks for use as Court. Rs.18,000/-.

The present Court House and the Chief Justice's chambers are in the same buildings as the Treasury. Both the Chief Justice and the Treasury require additional accommodation. The solution is to convert a disused barrack into a Court House with accommodation for the Chief Justice and his staff. The space vacated in the present Court Building will be sufficient to give the Treasury adequate room and also to accommodate the Auditor and his staff who are at present working in a most unsuitable building attached to the Settlement Stores and Workshops.

Item 5. Quarters for the Deputy Commissioner of Police. Rs.25,000/-.

The present house allocated to the Deputy Commissioner of Police is a thatched building of the kutcha type and is in an extremely dilapidated condition. Money spent on repairs will be wasted. Reconstruction is long overdue. It is proposed to demolish the present structure and erect a new quarter on the same site.

Item 6. Tawahi Primary School, Kitchens and Latrines. Rs.2,000.

The bath rooms and latrines have no roofs and the teachers have to cook their food in the open close by. Provision is made for the construction of small Kitchens and for roofs and doors for the bath rooms and latrines.

Item 7. Office for Clerks at European General Hospital. Rs.5,500.

The clerks are at present accommodated on part of the Hospital verandah close to the Wards. A separate office is most necessary.

Item 8. Improvements to Medical Officers Quarters, Civil Hospital. Rs.5,000/-.

The Court yards are too small and the corrugated iron kitchens and latrines are extremely hot in summer. It is proposed that the rear wall of the Court yards should be demolished and re-erected further back and the side walls extended. The kitchens and latrines will be demolished and re-erected in masonry or brick. Other minor improvements are also desired.

Item 9. Ablution Rooms, Civil Hospital. Rs.3,000/-.

Such rooms do not exist at present. Their construction would be a boon to the patients and assist in the efficient running of the Hospital.

Item 10. Additions and alterations to the Police Inspector's quarters, Crater. Rs.2,600/-.

This estimate provides for a sleeping cage (the quarters are very enclosed and consequently very hot in summer). It also provides for making the roof of the quarters sun proof.

Item 11. Wall fencing for quarters, District Prison. Rs.3,500.

This is a very desirable improvement and is necessary for the purpose of privacy.

Item 12. Guard Room Kamaran Sub-Treasury. Rs.2,700.

The cash in the strong room at Kamaran is part of the cash balance of Aden Colony and the Guard are members of the Aden Armed Police. There is no Guard Room at present. The Guard merely occupies a portion of an open verandah and is thus exposed to severe climatic conditions during the whole of the period on duty. The possibility of obtaining money for this work through the Government of India from Kamaran Island Quarantine Fund is remote. Provision is therefore made in the Colony's budget, but the question of recovery later is not overlooked.

Item 13. Improvements Telephone Exchange. Rs.4,700.

The present battery room is small and badly situated. During the charging process the fumes given off are detrimental to the health of the staff at the Switch Board. It is proposed to build a new battery outside the main Exchange Building alongside the garage.

One of the linemen's quarters is at present used as a store room and even that is inadequate. Quantities of material have to remain in the open. It is proposed to convert two linemen's quarters into a large store and build a new block of quarters.

Item 14. Minor Works. Rs.9,000.

There are numerous small items which will be met from this provision. To come under this sub-head the cost of individual works must not exceed Rs.1,000/-.

XVII Secretariat. Rs.138,510. Decrease Rs.58,930.

The decrease is due to the fact that the Governor and his staff have been provided for under a separate head of expenditure (Head I) but there are certain other items which call for comment.

Item 4. Civil Secretary.

There is a decrease of Rs.5,400/- due to the fact that while Major Sinclair is on leave he will be replaced by an Indian Service Officer who is at a lower point in the salary scale.

Item 8. Office Superintendent.

The officer filling this post has long service and has responsible duties to perform. At present he is at the maximum of his grade Rs.425 per mensem and receives Rs.30/- per month house allowance. It is proposed to consolidate the house allowance into salary and make the scale of Rs.400–20–Rs.500. This scale is considered commensurate with the duties the officer is called upon to perform.

Item 9. Clerks.

The clerical establishment as increased has already been approved by the Secretary of State. The increases are necessary in view of the expansion of Protectorate services and in view of the increase of work at headquarters consequent on the formation of a separate Colonial Government in Aden.

XVIII Taxes on Income. Rs.13,071. Decrease Rs.12,309.

This decrease is due to the fact that there will be a change in personnel. The retiring Income Tax Officer who is over age was on a salary of Rs.800/- per month. His successor will commence at Rs.300/-. A new scale of salary has been inserted for the post (Rs.300–20–500).

XIX Trade Registration. Rs.15,440. Decrease Rs.960.

There is nothing calling for comment under this Head.

XX Treasury. Rs.22,367. Increase Rs.667.

The post of Money Tester (item 3) has been abolished and provision is made for the appointment of a junior clerk in his place. The strengthening of the clerical establishment of the Treasury is very necessary as the formation of the Colony has thrown considerable additional work on that office.

XXI Veterinary. Rs.6,240. Increase Rs.690.

This Head does not call for special comment.

78156/37 [No. 12]. No. 25.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 26.*]

SIR, Downing Street, S.W.1, 3rd February, 1938.

I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch* from the Acting Governor of Aden, transmitting the draft Estimates of the Colony for the financial year 1938–39. A memorandum† prepared in this Department on certain points of detail is also enclosed.

2. The Acting Governor budgets for a revenue of Rs.1,818,900 and an expenditure of Rs.1,774,634. This leaves an estimated surplus of Rs.44,266, and in the circumstances, in spite of the fact that there is certain additional expenditure expected in the near future and that the Acting Governor may have over estimated the anticipated receipts from the sale of the new stamp issue, it is not proposed to ask that any grant-in-aid should be provided for the Colony in respect of the year 1938–39. As regards the latter point, it may be desirable that extraordinary expenditure should be limited, where possible, until the revenue from stamps can be more closely estimated.

3. The various changes in the Estimates are adequately explained in the Acting Governor's despatch and in the accompanying memorandum of the Finance Officer. It will be observed that reports have been furnished upon certain Heads of the Estimates in accordance with the request made by the Treasury when approving the 1937/38 Estimates. The Secretary of State agrees generally with the views of the Acting Governor and the Finance Officer as set out in the despatch and memorandum. It will be seen that the Acting Governor refers to the financial and administrative relations at present existing between the Colony and the two local bodies, viz., the Aden Municipality and the Aden Port Trust. This question has been discussed with Sir Bernard Reilly during his recent leave in this country, and it is now proposed to instruct the Governor to consider fully the whole question of the relations between the Colony and these two bodies during the coming year and to make recommendations in respect of any changes which are considered desirable. These recommendations when received may have some effect upon the future financial position of the Colony.

4. The additional expenditure to which reference is made above is in respect of passive defence measures against air raids. Recommendations as to the measures required at Aden have been received from the Governor and have been considered by the Oversea Defence Committee. As a first stage it is proposed to appoint an Air Raid Commandant, who will proceed as soon as possible to the Colony. He will examine the position fully on the spot and revise, in so far as he considers desirable, the recommendations which have already been put forward by the Governor. Pending the receipt of these revised recommendations, it is not possible to say what expenditure will be required on passive air defence measures at Aden, but it is probable that a considerable sum of money will be required in order to carry out those measures which are considered essential. The Secretary of State will approach the Treasury later as to the method by which the necessary money is to be found. Meantime a sum of 12,000 rupees is added to the estimate of Expenditure for the salary of the air raid Commandant.

5. Mr. Ormsby Gore agrees that for the present it is necessary to maintain the existing telephone rates, though he anticipates that it will be impossible to resist for long the undoubtedly strong case which exists for a reduction in those rates. He also agrees that for the moment the sur-tax of one-twelfth on income-tax rates must be maintained.

6. There are certain revenue receipts in Head III (Reimbursements) which have been under estimated and others which have been omitted. These are explained in the accompanying Colonial Office Memorandum. The total revenue should accordingly be increased by Rs.41,666 to Rs.1,860,566.

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* No. 24. † Not printed.

7. There are three increases in expenditure, two to which reference is made in the accompanying Memorandum (see Head IV and Head XVII), and the third in paragraph 4 of this letter. These total 17,400 rupees. The total expenditure estimate should therefore be increased to 1,792,034 rupees.

8. I am to request that their Lordships will be good enough to approve the Estimates as submitted by the Acting Governor, subject to the additional revenue and expenditure referred to in the two previous paragraphs.

I am, &c.,

H. R. COWELL.

78156/37 [No. 16].

No. 26.

TREASURY

to

COLONIAL OFFICE.

(S. 42165/01/38.)

Treasury Chambers, 4th April, 1938.

SIR,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 3rd February, 1938*, with its enclosures regarding the draft Estimates of revenue and expenditure of the Colony of Aden for the year 1938, and I am now to request you to convey to Mr. Secretary Ormsby Gore the following reply.

2. My Lords note with satisfaction that the out-turn for the current financial year is now expected to be much more favourable than when the Estimates were originally approved and that it is estimated that the surplus as a result of the year's working will be approximately Rs. 300,000.

3. The Estimates for 1938, taking into account the modifications proposed in the letter under reply, are as follows:—

	Rs.
Revenue	1,860,566
Expenditure	1,792,034
Surplus	68,532

and subject to what is stated below My Lords sanction the Estimates on this basis.

4. My Lords agree with the Secretary of State that it should be suggested to the Governor that extraordinary expenditure should be limited, where possible, until the revenue to be obtained from stamps can be more closely estimated. Reference to expenditure generally is made in a succeeding paragraph.

5. My Lords are satisfied with the explanations furnished on certain heads of expenditure to which attention was drawn in the Treasury Letter of 20th August, 1937† (S. 42165/01/37), and They note that it is proposed to instruct the Governor to consider fully the whole question of the relations between the Colony and the two local bodies, viz., the Aden Municipality and the Aden Port Trust, during the coming year and to make recommendations in respect of any changes which are considered desirable. They would be glad to be informed in due course of any changes proposed in this respect.

6. My Lords note that further expenditure by the Colony is possible in the future in respect of passive defence measures against air attack and They will await any proposals that the Secretary of State may have to offer in this connexion. They agree to the appointment as a first step of an Air Raid Commandant who will proceed as soon as possible to the Colony to advise on the measures considered essential for this purpose.

7. In view of the possible expenditure referred to in the foregoing paragraph and having regard to the abnormal estimated receipts from the sale of stamps in 1938, which are not likely to be repeated, it will be appreciated that the strictest control of expenditure will continue to be necessary. My Lords would be glad to be kept informed of the Colony's financial position as it develops during the year.

I am, &c.,

R. V. NIND HOPKINS.

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* No. 25.

† No. 22.

78156/37 [No. 18].

No. 27.

THE SECRETARY OF STATE

to

THE GOVERNOR.

(No. 175.)

Downing Street, 20th May, 1938.

SIR,

I have the honour to refer to Lieutenant-Colonel Lake's despatch No. 365 of the 24th of November*, and to confirm Lord Harlech's telegram No. 47 of the 9th of April†, conveying general approval of the Aden Colony Estimates for 1938–39. I enclose a copy of correspondence‡ with the Lords Commissioners of the Treasury.

2. The Estimates as approved are as follows:—

	Rs.
Revenue	1,860,566
Expenditure	1,792,034
Surplus	68,532

It will be observed that the revenue has been increased by Rs.41,666 and the expenditure by Rs.17,400. These variations in the Estimates as submitted by you are explained in the memorandum which accompanied the letter to the Treasury of the 3rd February‡.

3. In approving the Estimates I would make particular reference to the revenue under Head IV, Posts and Telegraphs, item 24, Sale of Stamps. I understand that since other Colonies will also issue new series of stamps during this year, the demand for the new Aden issue is likely to be much smaller than that for the previous issue. I consider therefore, that, until the revenue from stamps can be more closely estimated, expenditure under Head XVI, Public Works Extraordinary, should be restricted where possible.

4. I agree that for the present it is necessary to maintain the existing telephone rates, though I anticipate that it will be impossible to resist for long the undoubtedly strong case which exists for a reduction in those rates. I also agree that for the moment the sur-tax of one-twelfth on income tax rates must be maintained.

5. The question of the financial and administrative relations at present existing between the Aden Colony, the Aden Municipality and the Aden Port Trust, was discussed with you recently, and I shall await your recommendations in respect of any changes which are considered desirable.

I have, &c.,

MALCOLM MACDONALD.

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2. CAPITAL EXPENDITURE

78029/36 [No. 1].

No. 28.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 29.*]

Whitehall, S.W.1, 29th January, 1936.

SIR,

I am directed by the Secretary of State for India to refer to Colonial Office letter of the 20th November§, regarding the proposal made by the Government of India in respect of capital expenditure on public works at Aden and to forward a copy of the Government of India's telegram No. 93A, dated the 23rd January.

2. It will be observed that the Government of India have agreed to the proposal put forward by the Secretary of State for the Colonies in paragraph 6 of his letter under reference and I am therefore to request that Mr. Secretary Thomas will now seek the sanction of the Treasury so that the two schemes may be undertaken forthwith.

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* No. 24. † 78156/37 [No. 17]: not printed. ‡ Nos. 25 and 26.
§ No. 18 in Middle East No. 57.

3. In regard to the last sentence of the Government of India's telegram of the 23rd January, I am to enclose a draft reply* which the Marquess of Zetland, subject to the concurrence of Mr. Secretary Thomas, proposes to send to the Government of India.

I am, &c.,
M. J. CLAUSON.

Enclosure 1 in No. 28.

THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT, to THE SECRETARY OF STATE FOR INDIA.

(Received 5.15 p.m., 23rd January, 1936.)

TELEGRAM.

93-A. 23rd January. Reference letter from India Office dated 16th December†. Quarters for Harbour Police Inspectors and construction of sullage water drainage at civil hospital, Aden. Government of India concur in proposals made in paragraph 3 of above letter. As Government of India are very likely to hand over existing buildings free of consideration, we assume that this means that Colonial Office acquiesce in incidence of cost as proposed in our letter dated 19th July‡.

78029/36 [No. 2].

No. 29.

COLONIAL OFFICE
to
INDIA OFFICE.

SIR, Downing Street, 7th February, 1936.

I am directed by Mr. Secretary Thomas to acknowledge the receipt of your letter of the 29th January§ in respect of capital expenditure on public works at Aden, and to request you to inform the Marquess of Zetland that he concurs in the telegram which it is proposed to send to the Government of India.

2. A letter has been addressed to the Lords Commissioners of the Treasury in regard to the two schemes referred to in paragraph 2 of your letter and a further communication will be addressed to you as soon as a reply from the Treasury is received.

I am, &c.,
H. R. COWELL.

78029/36 [No. 3].

No. 30.

COLONIAL OFFICE
to
TREASURY.

[*Answered by No. 32.*]

SIR, Downing Street, 7th February, 1936.

I am directed by Mr. Secretary Thomas to refer to Treasury letter No. S. 37467/2 of the 26th April, 1935||, and to the letter from this Department of the 17th January, 1936¶, in respect of capital expenditure on public works at Aden.

2. The Government of India have now agreed to the proposals set out in paragraph 6 of the letter addressed by this Department to the India Office on the 20th November, 1935**, (a copy of which accompanied this Department's letter to the Treasury of the 17th January, 1936) and Mr. Thomas supports the Resident's recommendation that these urgent works should be carried out.

3. I am accordingly to request that their Lordships will convey their sanction for the construction of quarters for three Harbour Police Inspectors (estimated to cost Rs.16,088)

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* *See* No. 31. † No. 19 in Middle East No. 57. ‡ *See* Enclosure 1 in No. 16 in Middle East No. 57.
§ No. 28. || No. 12 in Middle East No. 57. ¶ 78029/35 [No. 5]: not printed.
** No. 18 in Middle East No. 57.

and for the construction of sullage water drainage at the Civil Hospital (estimated to cost Rs.5,852) on the understanding that the incidence of charge will in the first instance be on the existing basis, viz., that His Majesty's Government will bear 29 per cent of the cost of the former work and 50 per cent of the latter. The need for the quarters for the Harbour Police Inspectors is explained in the correspondence forwarded to the Treasury in this Department's letter of the 17th January. The construction of sullage water drainage at the Civil Hospital is classed by the Government of India as an urgent work essential in the interests of health.

4. If in due course a new arrangement for defraying capital expenditure on public works is arrived at, the necessary financial adjustment can be made. A further communication will be addressed to the Treasury with regard to the proposals of the Government of India for a revision of the existing basis.

I am, &c.,
H. R. COWELL.

78029/36 [No. 4]. No. 31.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office, 11th February, 1936.)

India Office, Political Department, 10th February, 1936.

Last sentence of your telegram of 23rd January No. 93A*. Capital expenditure on public works at Aden. If existing buildings are handed over free of charge, the Colonial Office will no doubt support the proposals contained in your letter of 19th July† regarding incidence of cost. A definite decision by His Majesty's Government cannot, however, be expected until the whole matter has been considered by the Treasury in the light of the information requested in paragraph 5 of Colonial Office letter of the 20th November‡ (copy enclosed in India Office letter of 16th December§).

The issue of the above has been duly authorized.

M. J. CLAUSON.

78029/36 [No. 5]. No. 32.

MR. E. HALE (TREASURY)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

[*Answered by No. 35.*]

(S.40556.)

DEAR BLAXTER, Treasury Chambers, Whitehall, S.W.1, 2nd March, 1936.

Please refer to Cowell's letter of the 7th February|| on the subject of capital expenditure at Aden. We note from the letter from the Government of India to the India Office, dated the 19th July¶, that the figure of Rs.16,088 which you quote as the cost of the Government share of the new quarters for Harbour Police Inspectors includes departmental charges of 24½ per cent.

Such a percentage seems to us prima facie excessive. As you probably know, the question of departmental charges to be levied by (United Kingdom) Government Departments was investigated by the Ramsay Committee in 1927 (Cmd. 2950), following which it was decided that for extra-departmental work the full cost should be charged. On that principle the Service Departments charge 15 per cent in respect of buildings erected on behalf of Palestine.

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* Enclosure 1 in No. 28. † Enclosure 1 in No. 16 in Middle East No. 57.
‡ No. 18 in Middle East No. 57. § No. 19 in Middle East No. 57. || No. 30.
¶ Enclosure 1 in No. 16 in Middle East No. 57.

We should be glad to know whether, in the case of capital expenditure at Aden to the cost of which His Majesty's Government have in the past contributed a percentage, departmental charges at 24½ per cent have been added to the cost of the works for the purpose of arriving at His Majesty's Government's contribution; and whether you think it would be practicable in the future, if His Majesty's Government are to bear the full cost of capital works over Rs.5,000, to get the Air Ministry to undertake such works through their works staff at Aden.

In this connexion it may be worth remarking that the application of the recommendations of the Ramsay Committee to departmental charges in respect of warlike stores purchased by India would have resulted in an increase in the charges levied. India jibbed at this and threatened to buy elsewhere, thereby extracting a concession so far as stores purchased through the War Office and Air Ministry were concerned. I should not propose to remind the India Office of this episode. I mention it merely as suggesting the tactics to be employed in a case of this kind.

The first reference in the papers we have to the proposed construction of sullage water drainage at the Civil Hospital is contained in your letter of the 20th November to the India Office*, and it is not therefore clear whether the figure of Rs.5,852 also includes departmental charges of 24½ per cent. If it does, similar considerations would apply in this case too.

Yours, &c.,
E. HALE.

78029/36 [No. 6]. No. 33.

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)
to
THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office, 5th March, 1936.)

New Delhi, 15th February, 1936.

Subject:—Civil Works Expenditure in Aden.

Reference paragraph 2 of letter from India Office, No. P.Z. 8359/35, dated the 16th December, 1935†.

2. A statement is enclosed showing the urgent public works, other than those referred to in my telegram No. 93–A dated the 23rd January, 1936‡, likely to be required before the separation of Aden from British India, together with the estimated cost of each.

3. As the cost of these works is less than Rs.5,000/- each, they will be dealt with under the existing orders in accordance with the suggestion made in paragraph 2 (*a*) of the Foreign and Political Department letter No. F.377-A/34, dated 19th July, 1935. The cost of construction of a porch and waiting room at the Residency Office will be borne by the Government of India but in the case of the sullage water drainage at the armed police lines at Crater, 29 per cent of the cost is chargeable to His Majesty's Government and their concurrence in the execution of this urgent minor work may be obtained and communicated to the Government of India as early as possible.

The issue of the above has been authorized.

G. K. S. SARMA,
Under-Secretary to the Government of India.

Enclosure in No. 33.

LIST OF URGENT WORKS REQUIRED IN ADEN BEFORE SEPARATION FROM INDIA.

Serial Nos.	*Nature of works.*	*Estimated cost of works outlay.* Rs.	*Departmental charges at 24½ per cent.* Rs. (in round)	*Total.* Rs.
1.	Construction of a porch and waiting room at the Residency Office ...	2,300	564	2,864
2.	Provision of sullage water drainage at the armed police lines at Crater	3,000	735	3,735

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* No. 18 in Middle East No. 57. † No. 19 in Middle East No. 57. ‡ Enclosure 1 in No. 28.

78029/36 [No. 7].

No. 34.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 38.*]

SIR, Whitehall, S.W.1, 10th March, 1936.

I am directed by the Secretary of State for India to refer to Colonial Office letter of the 20th November*, in regard to the proposal made by the Government of India in respect of capital expenditure in Aden, and to forward copy of the Government of India's letter dated 15th February, 1936†, which furnishes the statement requested by the Secretary of State for the Colonies in paragraph 5 of his letter under reference.

2. In the light of this information and in view of the Government of India's telegram of 23rd January, No. 93A (copy of which was forwarded to the Colonial Office under India Office printed letter of 29th January‡), I am to request that Mr. Secretary Thomas will now approach the Lords Commissioners of the Treasury and invite them to accept the arrangement proposed in the Government of India's letter of 19th July, copy of which was forwarded under India Office letter of the 11th September§.

3. It will be observed that the Government of India are proposing to undertake certain minor civil works, the cost of which is less than Rs.5,000, and which will therefore be dealt with under the existing arrangements. Twenty-nine per cent of the work in respect of sullage water drainage for the armed police lines at the Crater will be chargeable to His Majesty's Government and I am therefore to enquire whether the Secretary of State for the Colonies agrees to the execution of this work. An early reply on this point is requested.

I am, &c.,

M. J. CLAUSON.

78029/36 [No. 8].

No. 35.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. E. HALE (TREASURY).

DEAR HALE, Downing Street, 26th March, 1936.

In reply to your letter of the 2nd March, 1936 (S. 40556)|| regarding the departmental charges of 24½ per cent levied in the case of capital works at Aden, I should explain that the charge in question is that levied by the Aden Port Trust who are the local people who actually do the work either on behalf of the Government of India or for ourselves.

The sum of Rs.5,852 referred to at the end of your letter includes the above departmental charge.

In those cases where the work was carried out in the first place by the Government of India, His Majesty's Government only bearing a part of the cost, we were hardly in a position to challenge this charge. Neither have we challenged it in those cases where the Resident has entrusted to the Port Trust any work the cost of which is to be borne entirely by His Majesty's Government (*e.g.*, Aden Protectorate College; repairs to Political Secretary's bungalow, etc., etc.).

We do not therefore consider that at this late date, and with the transfer of Aden only a year off, it is desirable to raise the question of any revision with the Government of India. When however, the transfer takes place, the question of the Air Ministry undertaking the work will have to be considered. We understand that at present the Air Ministry has its hands full with other work at Aden in connexion with Defence and that in order to undertake work such as this on our behalf they would have to engage additional staff. The resulting cost would probably then be as high as if we continued to use the Port Trust on the present basis.

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* No. 18 in Middle East No. 57. † No. 33. ‡ No. 28. § No. 16 in Middle East No. 57. || No. 32.

We are sending a further official letter to the Treasury asking for sanction for expenditure of Rs.3,735 on the provision of sullage water drainage at the Armed Police Lines at the Crater. There will then be three schemes awaiting Treasury sanction:—

(*a*) Sullage water drainage at the Civil Hospital Rs.5,852
(*b*) Quarters for Harbour Police Rs.16,088
(*c*) Sullage water drainage at Crater (*see* above) Rs.3,735

Under existing practice, His Majesty's Government will be liable for 50 per cent of the cost of (*a*), and 29 per cent of the cost of (*b*) and (*c*). In the same letter however we are proposing that the Treasury should agree to the suggestion of the Government of India that in the case of capital works costing more than Rs.5,000 (*e.g.*, (*a*) and (*b*) above), His Majesty's Government should bear the whole cost, assuming that the buildings are to be handed over to His Majesty's Government without charge when the transfer of Aden takes place.

Yours, &c.,
K. W. BLAXTER.

78029/36 [No. 9].

No. 36.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 37.*]

SIR, Downing Street, 26th March, 1936.

I am directed by Mr. Secretary Thomas to refer to Colonial Office letter of the 7th February, 1936*, on the subject of capital expenditure on public works at Aden and to transmit to you to be laid before the Lords Commissioners of the Treasury a copy of a letter from the India Office† enclosing a statement‡ from the Government of India giving details of further urgent public works, likely to be required before the transfer of Aden takes place.

2. It will be observed from the India Office letter that the Government of India request authority to proceed with the urgent work of sullage water drainage at the Armed Police Lines at Crater at an estimated cost of Rs.3,735, of which sum His Majesty's Government will be required to bear 29 per cent.

3. I am accordingly to ask that the Lords Commissioners of the Treasury may be moved to sanction this expenditure in addition to the expenditure already referred to in paragraph 3 of Colonial Office letter of the 7th February, 1936*.

4. As regards the allocation of the cost of the above works, I am to refer to the proposals made in the Government of India's letter of the 19th July, 1935§, a copy of which was forwarded to the Treasury in the letter from this Department of the 17th of January, 1936||. The proposals of the Government of India are as follows:—

(*a*) Expenditure on urgent "original" works costing not more than Rs.5,000 should be dealt with as at present by the Government of India and financed by them so long as Aden is under the control of that Government. Mr. Thomas presumes that the phrase "dealt with as at present" is intended to mean that His Majesty's Government shall continue to bear the agreed proportion of the cost of these works, viz., 50 per cent in the case of the Civil Hospital and 29 per cent in the case of the Armed Police; and that the phrase "financed by them" means in the first case only, subject to subsequent recovery from His Majesty's Government of the agreed proportion.

(*b*) Expenditure on urgent "original" works the cost of which exceeds Rs.5,000 should be debited to His Majesty's Government (i.e., the cost should be borne wholly by His Majesty's Government) sanction being obtained in each case before any commitments are undertaken. The expenditure would be subject to the existing arrangements as to the Government of India's contribution towards political and military expenditure at Aden.

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* No. 30. † No. 34. ‡ No. 33. § Enclosure 1 in No. 16 in Middle East No. 57.
|| 78029/35 [No. 5]: not printed.

5. Mr. Thomas is of the opinion that, in view of the short time which will now elapse before the transfer takes place, the proposals outlined in the previous paragraph are fair and I am accordingly to request that their Lordships may be moved to approve them, on the understanding that Government buildings at Aden will be handed over to His Majesty's Government free of charge, when the transfer takes place.

I am, &c.,

H. R. COWELL.

78029/36 [No. 10].

No. 37.

TREASURY

to

COLONIAL OFFICE.

(S. 40556.)

SIR, Treasury Chambers, Whitehall, S.W.1, 1st April, 1936.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letters of the 7th February* and 26th March†, on the subject of capital works at Aden. At present the cost of such works is borne by the Government of India, subject in the cases of the Civil Hospital and the Armed Police to contributions of 50 per cent and 29 per cent respectively from His Majesty's Government. The Government of India have proposed, in view of the imminence of the transfer of Aden to His Majesty's Government, that for the future expenditure upon urgent " original " works, the cost of which exceeds Rs.5,000, should be borne by His Majesty's Government, subject to the existing arrangements as to the Government of India's contribution towards political and military expenditure at Aden. No change is proposed in the case of urgent " original " works costing less than Rs.5,000, so long as Aden remains under the control of the Government of India.

2. The only urgent " original " works costing more than Rs.5,000 which it is proposed to undertake before the transfer are the construction of quarters for three Harbour Police Inspectors (Rs.16,088) and the construction of sullage water drainage at the Civil Hospital (Rs.5,852). Authority is also requested for the provision of sullage water drainage at the Armed Police Lines at the Crater (Rs.3,735). This latter work is to be dealt with under existing arrangements, i.e., His Majesty's Government will contribute 29 per cent of the cost.

3. In reply, I am to request you to inform Mr. Secretary Thomas that My Lords approve the revised arrangements proposed for the allocation of expenditure on urgent " original " works at Aden, on the understanding that Government buildings at Aden will be handed over to His Majesty's Government free of charge, when the transfer takes place. They also sanction the capital works referred to in paragraph 2 above, expenditure on those of which the cost exceeds Rs.5,000 being allocated under the new arrangements.

4. My Lords note that the cost of the works in question includes in all cases departmental charges of 24½ per cent. Such a charge is high in comparison with departmental charges raised by Departments of His Majesty's Government. They understand that the works in question will be carried out under the usual arrangement by the Aden Port Trust and that a charge of 24½ per cent is always levied by the Trust in respect of works carried out by them whether for the Government of India or for His Majesty's Government. In these circumstances My Lords do not ask for a revision of this arrangement pending the transfer of Aden to His Majesty's Government, but when that event occurs, They would propose that consideration should be given to the possibility of making more economical arrangements.

I am, &c.,

R. V. NIND HOPKINS.

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* No. 30. † No. 36.

78029/36 [No. 11]. No. 38.

COLONIAL OFFICE

to

INDIA OFFICE.

Downing Street, 16th April, 1936.

SIR,

I am directed by Mr. Secretary Thomas to refer to your letter of the 10th March, 1936*, and to the letter from this Department of the 20th November, 1935†, on the subject of capital expenditure on various civil works at Aden (detailed in paragraph 3 of this letter) and to request you to inform the Secretary of State for India that, with the concurrence of the Lords Commissioners of the Treasury, Mr. Thomas agrees to the execution of the works in question. (It is noted that the expenditure on the construction of a porch and waiting room at the Residency Office will be borne by the Government of India.)

2. Mr. Thomas, in consultation with the Lords Commissioners of the Treasury, has also had under consideration the proposals of the Government of India, referred to in India Office letter of the 11th September, 1935‡, that in view of the pending transfer of the Aden Settlement to His Majesty's Government, the incidence of charge of expenditure on urgent original works costing more than Rs.5,000 should be revised and that His Majesty's Government should bear the whole of such charges, subject to the existing arrangements as to the Government of India's contribution towards political and military expenditure at Aden. His Majesty's Government are prepared to accept these proposals on the understanding (1) that Government Buildings at Aden will be handed over free of charge on the transfer of control of the civil administration to His Majesty's Government; and (2) that if any works additional to those now agreed to are required, His Majesty's Government's sanction will be obtained before the works are undertaken.

3. The works which His Majesty's Government agree should be carried out are as follow:—

	Rs.
(*a*) Sullage water drainage at the Civil Hospital	5,852
(*b*) Quarters for Harbour Police	16,088
(*c*) Sullage water drainage at Police Quarters at Crater	3,735

The charge to His Majesty's Government of the whole of the cost of (*a*) and (*b*) above is accordingly agreed to on the understanding referred to in paragraph 2 of this letter. The cost of (*c*) above will fall to be dealt with under existing arrangements, i.e., His Majesty's Government will bear 29 per cent of the cost.

I am, &c.,

H. R. COWELL.

78029/36 [No. 13]. No. 39.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Sent 17th April, 1936.)

(Copy received in Colonial Office, 21st April, 1936.)

TELEGRAM.

1298. Your telegram 14th April, No. 177-A§. His Majesty's Government sanction construction of harbour police quarters.

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* No. 34. † No. 18 in Middle East No. 57. ‡ No. 16 in Middle East No. 57.
§ Enclosure in 78029/36 [No. 12]: not printed.

78029/36 [No. 14]. No. 40.

INDIA OFFICE

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office 19th May, 1936.)

SIR, India Office, London, S.W.1, 15th May, 1936.

I am directed by the Secretary of State to refer to the Government of India's telegram of the 14th April, 177-A*, and connected correspondence, regarding civil works expenditure in Aden, and to forward copy of Colonial Office letter of 16th April†.

2. It will be observed that His Majesty's Government agree to the execution of the works for which the Government of India requested sanction in their letters of 19th July, 1935, No. F.377-A/34‡, of 12th August, 1935, No. F.288-A/34§, and of 15th February, 1936, No. F.377-A/34||, and further that they are prepared to agree to the Government of India's proposals for the incidence of expenditure upon urgent civil works as set out in the Government of India's letter of the 19th July, 1935, No. F.377-A/34, on the understanding (1) that the Government buildings at Aden will be handed over free of charge on transfer; (2) that if any works additional to those now agreed to are required, His Majesty's Government's sanction will be obtained before the works are undertaken.

3. The Secretary of State proposes to give the necessary assurances forthwith, unless the Government of India see any objection.

I am, &c.,

J. C. WALTON.

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3. ESTABLISHMENT

Remuneration of Confidential Clerk

78094/35 [No. 2]. No. 41.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 42.*]

SIR, Downing Street, S.W.1, 4th January, 1936.

I am directed by Mr. Secretary Thomas to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch¶ from the Resident at Aden proposing a revision of the pay of Mr. P. S. Fernandes, Confidential Clerk to the Residency.

2. Mr. Thomas considers that, for the reasons given by the Resident, an increase in the pay of the Confidential Clerk is fully justified, and he supports the Resident's recommendation that Mr. Fernandes should, with effect from the 1st October, 1935, receive pay at the rate of Rs.370 per month. Mr. Thomas would, however, prefer, that the increase of pay should take the form of a personal allowance to the present holder rather than of an upgrading of the post. If the grant of a personal allowance is sanctioned, the arrangement will correspond with that agreed to in the case of the Head Interpreter at the Residency. In this connexion attention is invited to Treasury letter No. E.19607 of the 13th March, 1935**.

3. It will be observed that the Resident states in his despatch that the small extra cost involved during the current financial year can be found from savings. It appears,

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* Enclosure in 78029/36 [No. 12]: not printed. † No. 38. ‡ No. 16 in Middle East No. 57.
§ No. 15 in Middle East No. 57. || No. 33. ¶ No. 44 in Middle East No. 57.
** No. 40 in Middle East No. 57

however, that even apart from the " emergency " expenditure, there may be an excess on the Aden Subhead for the current year owing chiefly to certain expenditure which was incurred in 1934/35 but which for accounting reasons has been charged to 1935/36.

4. Nevertheless, in view of the smallness of the amount involved and the grounds on which the increase is asked for, I am to request that their Lordships will approve the grant of a personal allowance at the rate of Rs.70 a month to the Confidential Clerk, the allowance to commence from the 1st October, 1935.

5. Provision for the increased pay has been made in the Estimates for 1936-37, which will shortly be forwarded to the Treasury.

I am, &c.,

H. R. COWELL.

78094/36 [No. 1]. No. 42.

THE TREASURY

to

THE COLONIAL OFFICE.

SIR, Treasury Chambers, 15th January, 1936.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 4th instant* transmitting copy of a despatch from the Resident at Aden regarding the proposed revision of the pay of Mr. P. S. Fernandes, Confidential Clerk to the Residency.

In reply I am to request you to convey to the Secretary of State for the Colonies Their Lordship's sanction for the grant of a personal allowance at the rate of Rs.70 a month to Mr. Fernandes, with effect from the 1st October, 1935.

I am, &c.,

J. H. CRAIG.

78094/36 [No. 2]. No. 43.

THE SECRETARY OF STATE

to

THE RESIDENT.

(No. 16.)

SIR, Downing Street, 30th January, 1936.

I have the honour to refer to your despatch No. 352 of the 20th of November, 1935†, regarding the revision of the pay of Mr. P. Fernandes, Confidential Clerk, and to inform you that I agree that, in the circumstances explained, an increase in the pay of Mr. Fernandes is justified.

2. I have considered the alternative recommendations in the seventh paragraph of your despatch and, after consultation with the Lords Commissioners of the Treasury, I have to inform you that I should prefer that the increase should take the form of a personal allowance to the present holder of the post rather than an up-grading of the post.

3. I accordingly approve the grant of a personal allowance of Rs.70/- a month to Mr. Fernandes with effect from the 1st of October, 1935.

I have, &c.,

J. H. THOMAS.

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* No. 41. † No. 44 in Middle East No. 57.

4. PERIM AFFAIRS

78016/36 [No. 1]. No. 44.

REPORT OF CONVERSATION BETWEEN Mr. M. J. CLAUSON (India Office) AND Mr. GRAHAM WALLIS (Perim Coal Company), ON 4TH JANUARY, 1936.

(Copy received in Colonial Office, 8th January, 1936.)

I spoke to Mr. Graham Wallis of the Perim Coal Company on the 1st January in regard to a letter from him dated 31st December in which he asked for an appointment to discuss certain urgent matters in connexion with the winding up of the Company's business in Perim Island.

He said that there were three points on which he would be very grateful for any information which we could give him, in view of the fact that the Perim Coal Company's staff would be withdrawn from the Island and the Asiatic Petroleum Company were exceedingly anxious for further information in order that they might come to a decision regarding the future of their own station at Perim. One particular reason for urgency from their point of view is that the bulk of their contracts expire at the end of the year and they are in some difficulty about renewals.

The points were—

(*a*) *The maintenance of the harbour.*—I told Mr. Wallis that it was impossible to say anything definite about this but that it looked very much as if neither His Majesty's Government nor the Government of India would be prepared to take any responsibility in regard to the maintenance of the harbour, and that if the Asiatic Company stayed on in the Island they would have to make the necessary arrangements in regard to maintenance themselves.

Mr. Wallis was very grateful for this indication, which I explained to him, and he quite realized, was unofficial. He said that his own personal opinion was that if the Asiatic Company had to bear the cost of the maintenance of the harbour they would probably decide to abandon their station.

(*b*) *Water.*—I told Mr. Wallis what Sir Bernard Reilly's suggestions were in this regard and said that it seemed clear that Government would have to provide some sort of water supply for the Island, and that any outside concern such as the Asiatic would probably be able to buy water on much the same basis as at present.

(*c*) *Medical arrangements.*—I told Mr. Wallis roughly what Sir Bernard Reilly's suggestions were, and he seemed to think they would be quite satisfactory from the point of view of any concern such as the Asiatic remaining on the Island.

I made it clear to Mr. Graham Wallis that we had not yet got either the views of the Government of India or of the interested Departments of His Majesty's Government, and that in view of the coming transfer of Aden, the India Office were, in any case, not in a position to give him any definite decisions. I told him that our idea was to have a meeting with him and the Asiatic Company at which the Colonial Office would, no doubt, be represented, as soon as we were in a position to do so. He thought that would be by' far the best plan, and he hoped that it would be possible to have the meeting before long.

He raised one point in regard to water supply, viz., what the Government of India propose to do about staff for the water supply. At present the supply is, of course, run by the Perim Coal Company's staff which they are anxious to withdraw. This point will be taken up with India and Aden.

M. J. CLAUSON.

78016/36 [No. 2]. No. 45.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office, 14th January, 1936.)

[*Answered by No. 48.*]

10th January, 1936.

Repeated to Chief Commissioner, Aden. Chief Commissioner's letter No. C. 1045 to Government of India dated 16th November*. Future Arrangements at Perim. In informal conversation Perim Coal Company have raised point whether in event of Company's water condenser being hired by Government pending installation of new condenser (paragraph 18 of Chief Commissioner's letter) Government would themselves provide necessary staff to run it. Company are of course arranging to withdraw their own staff. Can Chief Commissioner confirm that any staff other than that obtainable locally would be provided from Aden.

78016/36 [No. 4]. No. 46.

MR. E. A. SEAL (ADMIRALTY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 3rd February, 1936.)

(Secret.)

Military Branch, Admiralty, S.W.1,

30th January, 1936.

MY DEAR CLAUSON,

I gather that you are now dealing with the question of Perim Island, a copy of the correspondence concerning which was sent to me by Rumbold in his letter of the 23rd December†.

Perim Harbour is at present being used by destroyers, and in any future emergency affecting the Red Sea such as the present it is also likely to be made use of, though in time of peace naval vessels seldom call there.

We think, therefore, that a system of buoying and lighting should be retained until the present emergency is over. During this period our minimum requirements (apart from the maintenance of High Light and Balfe Point Lighthouses, which would always be required for general shipping passing through the Red Sea) are that Pirie Point Light, Murray Point Leading Lights and Prince Shoal Light Buoy should be maintained; all the other lights and navigational buoys could be dispensed with, although we should, of course, prefer to retain them.

In any future emergency we think that it would be possible to improvise the necessary lights and buoys without undue delay unless, that is, the Petroleum Company can be persuaded to continue them for commercial reasons.

On general grounds the Admiralty are, of course, reluctant to see the harbour abandoned. Is there no possibility that the Asiatic Petroleum Company might be induced to maintain the harbour permanently on the reduced scale I have indicated above? Apart from the navigational buoys, we are inclined to think that the only mooring buoys, out of the many at present in harbour, which need be retained if the oil station is kept in operation are Nos. 1 and 2 and the pipe-line buoy. Otherwise the only ones requiring maintenance are those found necessary by the local administration for the securing of craft used for the general services of the port.

Yours, &c.,

E. A. SEAL.

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* Enclosure in No. 111 in Middle East No. 57. † No. 112 in Middle East No. 57.

78016/36 [No. 5]. No. 47.

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)

to

THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office 3rd February, 1936.)

[*Answered by No. 85.*]

(Express Letter (Air Mail).)

New Delhi, 13th January, 1936.

Repeated Chief Commissioner, Aden. Aden letter No. C/1045, dated 16th November, 1935*. Perim.

2. We accept generally chief Commissioner's appreciation of services required and of estimated cost thereof. Two statements summarizing the approximate initial and recurring expenditure involved in the Chief Commissioner's scheme for the administration of Perim are attached to this letter. It is assumed that the third method of water supply recommended by the Chief Commissioner as most economical will be adopted and that the contribution of His Majesty's Government towards the cost of the Perim Armed Police which is included in their lump sum contribution of £8,000 for Aden, Perim and Kamaran will remain unaffected by the change. It will be observed that both estimates proceed on assumption that no subsidiary company remains in Perim in a position to maintain services at present provided by the Perim Coal Company. The estimates also omit mention of postal revenue and expenditure, the figures of which up to the year ending 1933–34 have been shown in the statement IV attached to this letter. The estimates moreover do not include any sum for establishment and maintenance of wireless communication (paragraph 9 of Chief Commissioner's letter).

3. The maintenance of the route lights at Perim will remain of equal importance in future and provides an important reason for the maintenance of an effective administration on the Island. Since arrangements will presumably remain as at present, the estimates have not been complicated by inclusion of this item, but question may have important bearing on decision whether or not harbour should be maintained. Decision on this point we must leave to His Majesty's Government.

4. We agree with your conclusion that since Perim Coal Company are under no obligation under their lease to continue public services, there is no object in holding them to their lease, and that the Company's offer to terminate it by a lump sum payment with effect from the 1st January, 1936, may be accepted. As regards the amount of lump sum payment, we are unable to see on what basis 5 years' rent is to be accepted. The amount which should be paid in one lump to discharge the liability will be Rs. 96,000 roundly being 4 months' rent plus capitalised value of seven annual payments of Rs. 14756.14.8 at 3½ per cent per annum. This is the sum which the company should be required to pay.

5. With reference to paragraphs 18 to 20 of Chief Commissioner's letter, we consider that Company's liability for maintenance of buildings should, if possible, be set off against hire of plant and purchase of harbour materials (if it is decided to undertake maintenance of harbour). If Company is not prepared to accept this, adjustment could be made after assessment as proposed by Chief Commissioner by Officer in Charge, Civil Works, Aden, and Manager of Company.

6. It will be seen from appended statements that an initial outlay of Rs. 1,04,000 (in round figures) will be required if harbour is not maintained, and of Rs. 1,38,000 if harbour is maintained; and as against the present net recurring expenditure of Rs. 9,100. Rs. 50,000 will be the net expenditure if harbour is not maintained, and this figure will rise to Rs. 64,800 after payment of rent by the Coal Company ceases. If the harbour is maintained, the net expenditure is estimated at Rs. 64,600 rising to Rs. 79,400 after cessation of rent paid by the Coal Company. Primary questions for consideration by Government are allocation between His Majesty's Government and the Government of India of

(*a*) lump sum payment made by Company,

(*b*) recurring expenditure, and

(*c*) initial expenditure.

As regards (*a*) we are prepared to accept principles proposed in your Express Letter No. P.Z. 5876/35, dated 26th August, 1935, that the division should be made in proportion to the period of tenure of each party, that is to say, the Government of India

* Enclosure in No. 111 in Middle East No. 57.

should receive $\frac{X}{7\frac{1}{3}}$ of the lump sum payment, X being the period during which the Government of India will be responsible for the administration in Perim counting from 1st January, 1936. The Government of India would, in any case, have been entitled to the rent from the Coal Company until the date of transfer of administration of Aden and Perim, had the Coal Company continued as lessee.

7. On the same principle we are prepared to accept liability for recurring expenditure under scheme up to the date of transfer on understanding that His Majesty's Government's contribution for police expenditure will continue unaffected. We think however that this liability should be limited to the amount necessary if the harbour is not maintained, the maintenance of the harbour, if decided on for reasons of larger policy, being a proper charge on Imperial revenues.

As regards (*c*) we consider, in view of the impending transfer of Aden, that we should not be called upon to pay any part of initial outlay especially as the assets will also become the property of His Majesty's Government on the transfer of the Island. The entire liability should, therefore, be borne by His Majesty's Government.

8. On assumption that no subsidiary company will remain on Island and therefore that administration will be in the hands of civil official, we agree to Chief Commissioner's proposal in paragraph 10 of his letter, and as special case would be prepared to agree to conferment of judicial powers up to the rank of Magistrate II Class, on Police Officer visiting Aden.

The issue of the above has been authorized.

O. K. CAROE,

Deputy Secretary to the Government of India.

Enclosure 1 in No. 47.

STATEMENT SHOWING APPROXIMATE COST INVOLVED IN RUNNING THE ADMINISTRATION OF PERIM IF THE PERIM HARBOUR IS NOT MAINTAINED.

I. *Non-recurring Expenditure.* (Third method of water-supply, which Chief Commissioner considers as most economical and practical).

(*a*) *Water supply.*	
1. Cost of water plant including erection of same	Rs. 74,000-0-0
2. Cost of a new lifting barge	5,000-0-0
3. Cost of pipe lines (including fittings and laying charges) and of two 2-ton water tanks	20,560-0-0
(*b*) *Motor car*	2,000-0-0
(*c*) *Medical.*	
New stock	2,500-0-0
(*d*) Cost of wireless set	Not given
Total	Rs. 1,04,060-0-0

II. *Recurring Expenditure.*

(*a*) Additional remuneration to the Commandant of Police at Rs. 100/- p.m. and Inspector of Police at Rs. 50/- p.m. for performing the work now done by the Government Agent, Perim	Rs. 1,800-0-0 p.a.
(*b*) *Medical*	7,005-0-0 p.a.
(*c*) Maintenance of two houses for Engineer and for Administrative Officer and also of a Cutter	3,010-0-0 p.a.
(*d*) Perim armed police	20,260-0-0 p.a.
(*e*) Perim unarmed police (which will be reduced to 8 from 13). Say	5,000-0-0 p.a.
(*f*) Pensionary and contingent charges	1,000-0-0 p.a.
(*g*) Depreciation, fuel and wage charges in connexion with water supply	38,400-0-0 p.a.
	Rs. 76,375-0-0

Enclosure 2 in No. 47.

COST OF ADMINISTRATION IF PERIM HARBOUR IS MAINTAINED.

Initial outlay.

As in Statement I	Rs. 1,04,060-0-0
plus Cost of Pilot's launch (Appendix IV to Chief Commissioner's letter dated 16th November, 1935) ...	34,000-0-0
	Rs. 1,38,060-0-0

Recurring.

As in Statement I	Rs. 76,375-0-0
plus (1) Harbour Police	3,250-0-0
(2) Lighting, buoying, upkeep of launch, pilots, etc.	14,750-0-0
	Rs. 94,375-0-0

Enclosure 3 in No. 47.

COMPARATIVE STATEMENT OF PRESENT AND FUTURE COSTS.

Items.	*Present figures.*	*Future if no harbour is maintained.*	*Future if the harbour is maintained.*	*Remarks.*
I. Initial outlay ..	—	1,04,060 (*a*)	1,38,060 (*a*)	(*a*) Under scheme (3) for water supply. Schemes (1) and (2) are too expensive and not supported by the Chief Commissioner.
II. Recurring expenditure (excluding P.O.).	38,800	76,400 (in round figure).	94,400 (in round figure).	(*b*) Income tax and liquor duty are the main items. (*c*) Will cease after about seven years.
III. Revenue (excluding P.O.).				(*d*) By sale of water. The other items will almost disappear.
(*a*) Rent paid by Coal Co.	14,800 (1933–34) (round figures).	14,800 (*c*)	14,800 (*c*)	(*e*) If the harbour is maintained and the Petroleum Company stays, there may be more revenue than at (*d*) under sale of water, and other heads. The figure is conjectural.
(*b*) Other items ..	14,900 (1933–34) (*b*).	11,600 (*d*)	15,000 (*e*)	
Net recurring expenditure	9,100	50,000	64,600	
		(†14,800 after about 7 years.)	(†14,800 after about 7 years.)	

Enclosure 4 in No. 47.

FIGURES FOR POSTAL REVENUE AND EXPENDITURE IN PERIM FOR THE YEARS MENTIONED.

Year.	*Income.* Rs.	*Expenditure.* Rs.
1930–31	2,341-0-9	... 2,826-4-0
1931–32	1,926-4-9	 2,793-1-0
1932–33	1,952-8-3	 2,881-12-0
1933–34	2,105-5-6	 3,550-10-4

78016/36 [No. 9]. No. 48.

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)
to
THE SECRETARY OF STATE FOR INDIA.

(Received 5.30 p.m., 3rd February, 1936.)

TELEGRAM.

(Copy received in Colonial Office, 5th February, 1936.)

3rd February. *154N.* Following from Aden:—

Begins.—Secretary of State's express letter dated 10th January, No. P.Z.-125-36*. Future arrangements at Perim. I confirm that any above (sic, ? any) staff, other than that obtainable at Perim, would be provided from Aden to run the water condensers.—*Ends.*

78016/36 [No. 10]. No. 49.

MR. H. R. COWELL (COLONIAL OFFICE)
to
MR. M. J. CLAUSON (INDIA OFFICE).

DEAR CLAUSON, Downing Street, S.W.1, 10th February, 1936.

We have been considering the correspondence enclosed with your letter of the 31st January† regarding the termination of the lease held by the Perim Coal Company.

Subject to what follows, we see no objection to the draft letter which you propose to send to the Company, and subject to the concurrence of the Treasury, we are quite content for it to be issued immediately.

The further questions which arise will, as you suggest, need discussion at a meeting of the interested Departments. I presume that the Departments concerned are the Treasury, Admiralty, India Office and ourselves and that representatives from those four Departments would attend the meeting.

We do, however, feel that both with regard to the inter-departmental meeting and the subsequent meeting with the Asiatic Petroleum Company etc., it would be better that these meetings should take place at the India Office. The Colonial Office is, of course, as you say, now very much concerned in the matter, but the transfer of the Settlement etc. will not take place for some fifteen months yet, and as long as the Settlement remains part of India, the India Office must remain the executive department for dealing with the Companies concerned and for carrying out the administrative action required.

We could not agree to be responsible for the executive conduct of the matter, for which, pending the transfer of the administration, we have no machinery. I suggest, therefore, that you should take out the words " at the Colonial Office " from paragraph 7 of the draft letter and reword paragraph 10 of the draft as follows:—

" This letter has received the concurrence of the Colonial Office, who, of course, are closely concerned in the future of the island, since the control of Aden will be passing to them before very long."

Apart from the draft letter to Graham Wallis, we have been looking into the other points which arise out of the Government of India's proposals in their express letter of the 13th January†, and there is one point which I had better mention at once. The various matters involved will no doubt be discussed at the proposed inter-departmental meeting, but I ought to point out that if approval is given to the Government of India's proposal that the capital expenditure required for the introduction of the new régime at Perim should be borne by His Majesty's Government, the question immediately arises as to making the necessary provision for the requisite amount in the Aden Sub-Head of the Colonial and Middle Eastern Services Vote for 1936-37. If any sum is to be included for this purpose it would have to be settled in the next few days. I suggest, however, that the most satisfactory way of dealing with this point would be for the Government of India to meet the expenditure in the first instance and to recover later from His Majesty's Government such sum as is decided upon. The necessary provision could then be made in the 1937-38 Estimates, probably as part of the general settlement with the Government of India which will have to be made at that time.

I am sending a copy of this letter to Hale at the Treasury, and Seal at the Admiralty.

Yours, &c.,
H. R. COWELL.

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* No. 45. † *See* No. 47.

78016/36 [No. 13]. No. 50.

REPORT OF CONVERSATION BETWEEN Mr. M. J. CLAUSON (India Office) and Mr. GRAHAM WALLIS (Perim Coal Company) on 20th FEBRUARY, 1936.

(Copy received in Colonial Office, 24th February, 1936.)

Mr. Graham Wallis called on the 20th February. I had informed him confidentially of the general terms of the letter which it is proposed, subject to the approval of the Secretary of State in Council, to send him in regard to the termination of the lease and future arrangements. He said he was very grateful for this advance information and, of course, realized that he could take no action until the letter reached him officially.

2. He was however anxious for information on two points.

Was the lump sum which it was understood would probably be demanded from the Company in respect of outstanding rent the Government's last word? The Company would, he was afraid, be very disappointed, as they had hoped to be allowed some little advantage, and what this figure appeared to amount to was merely a consolidation of the actual sums that would be payable. I said that this was a matter for the financial authorities concerned, but that the figure had in fact been put up by the Government of India, who were not for a moment prepared to accept the suggestion made by the Local Manager that a sum representing five years' rent might be accepted, and had been agreed to by the financial authorities in this country. I was rather afraid that any come back by the Company might be met with a " take it or leave it " attitude. I thought that in any case, however, this question was linked up with the other question of the cancelling of the dilapidations against the hire of plant. It might possibly make a good impression if the Company were forthcoming on the subject of the plant. He confirmed that there was no difficulty about the plant, and this brought him to his second point, which was whether, if they took over the plant temporarily, the Government would also wish to take over any staff. This was an important point, as the Company were withdrawing their staff and now only had a skeleton staff of six on the Island. I said that we had heard from Sir Bernard Reilly that even if the Government had to run the water supply, etc., any technical staff, other than that locally recruited, would be available from Aden. The Company need not, therefore, worry about the staff question so far as that was concerned.

3. Mr. Wallis went on to say in confidence that there was now quite a firm prospect of the Asiatic staying in the Island. He understood that this was not unconnected with the activities of the Bahrein Petroleum Company, the idea apparently being that the Asiatic would be reluctant to leave a station unoccupied which might be snapped up by the Standard Oil people with a view to gate-crashing into the Aden market. He further hinted that it was just possible that the Perim Coal Company themselves might, after all, reconsider the question of terminating their lease (especially, perhaps, if they got no financial advantage from terminating it). The Asiatic would, of course, need considerably more buildings than they had at present if they stayed on the Island and it was just conceivable that it might be simplest to extend the sub-lease and to go on paying rent under the substantive lease, especially as there was always the hope that times might get better and it might be possible to reopen a coaling station. This, however, was all very much in the air.

4. Another point that he mentioned was that Lloyds and Cable and Wireless were still very undecided as to whether to stay. It would probably not be a commercial proposition from their point of view, but on the other hand they were reluctant to give up their stations for sentimental reasons. A tentative suggestion he thought might be worth making was that the Government might perhaps consider assisting these two concerns in some way in order to help them to stay. He pointed out that if they went Government would have to provide some sort of communications and he understood from his local people that Government might do this by means of something like a small wireless station. I confirmed that this, in fact, was what Sir Bernard Reilly had in mind, but that all Sir Bernard Reilly's recommendations were based on the assumption that there was going to be a clean sweep and no companies left in the Island. The Government of India had expressly stated in their recommendations that they were made on the assumption that there would be no company left in the Island who could run essential services. This also, of course, would apply to the water (Mr. Graham Wallis agreed that it was a possible alternative, if Asiatic stayed, that they should continue to run the water service and sell water to the Government, as the Perim Coal Company does

at present). I said that I was afraid that our financial authorities might say that Captain Lawson and Lloyds were trying to bounce us into subsidizing them to continue a service which, if Asiatic remained in the Island, they might in any case continue on their own. This point was left in the air.

5. In regard to future arrangements, Mr. Wallis said that he was in constant touch with the other companies concerned and that there were so many cross-currents in the business that he was afraid it might take a little time before we could have a meeting such as was suggested. What he had in mind as a possible arrangement would be that he should get the companies lined up on some concrete basis and that he should then meet the Departments concerned as a representative of all of them. I said that from our point of view I thought that that would be ideal and that we could then have a businesslike body composed of representatives of the India Office, Treasury, Colonial Office (Admiralty, if they wished) and Mr. Wallis, which would be much better than a gathering of all the companies. The only thing was that I would like about a week's notice so that we could have an inter-departmental meeting shortly before our meeting with Mr. Wallis.

6. He said that in any case the first thing was to wait for our letter and then he proposed to reply to it in two parts, one in regard to the termination of the lease, dilapidations, etc., viz., the questions concerning only the Government and the Perim Coal Company; and (2) the other questions regarding the future. I said that that would be quite convenient from our point of view.

M. J. CLAUSON.

21st February, 1936.

78016/36 [No. 14]. No. 51.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 27th February, 1936.)

DEAR MR. GRAHAM WALLIS, India Office, S.W.1, 25th February, 1936.

With reference to our correspondence about the Perim Coal Company's lease, I am now able to inform you of the attitude of His Majesty's Government and the Government of India.

2. It is agreed that the lease of the Company may be terminated with effect from the 1st January, 1936. The necessary legal steps could of course be taken at leisure. The outstanding rent may be discharged by a lump sum payment amounting to Rs.96,000 (£7,200). This sum is composed of four months' rent (to 1st May, 1936) and the capitalized value of seven annual payments of Rs.14756/14/8 (£1,106 15*s.* 5*d.*) at 3¼ per cent per annum.

3. As regards dilapidations, it is suggested that the Company's liability, under Clause 2 (*d*) of the lease, for the maintenance of buildings should be cancelled out against the liability of Government in respect of such plant or material as they may wish to hire or take over from the Company.

4. It is impossible to specify precisely what such plant or material would amount to. But it is likely that Government may require temporarily one of the existing sets of condenser plant, two 45-ton tanks, one lifting barge, one tug and one water boat, and the use of a slipway, until such time as a new condenser is installed. This is on the assumption that Government will have to provide the essential water-supply for the island.

The only other possible requirement of Government which can be foreseen is harbour material, in the event of maintenance of the harbour being undertaken by Government. But this would not be more than a temporary requirement because although in the present state of emergency in that part of the world His Majesty's Government would not wish to see the harbour abandoned, they would not feel justified in bearing the cost involved in its permanent upkeep.

5. As regard the buildings in the concession area, it may be helpful to state that Government are not likely themselves to use more than two, viz., Point House and one other house (for use by an engineer).

6. The above points in regard to the proposed termination of the Company's lease appear to be the points which concern only the Company and Government. These being settled, we would suggest meeting the Asiatic Petroleum Company (and, if convenient, Cable & Wireless and Lloyds) and discussing future arrangements.

7. In this connexion it may be useful to give the general provisional views of the departments concerned, viz.:—

(*a*) that Government would be glad to see the Asiatic Company remain in the Island on general grounds;

(*b*) that, however, Government would not feel justified, merely in order to induce the Company to remain, in providing more in the way of essential services (e.g., water and medical staff) than would be provided if only the inhabitants of the Island and the lighthouse-keepers had to be considered;

(*c*) that apart from the buildings mentioned above, any buildings, with the necessary land, could be provided for the Asiatic Company on reasonable terms.

8. The date of our meeting can be arranged by telephone. Any conclusions reached on these matters will, of course, have subsequently to be put forward to the authorities concerned for final approval.

9. This letter has received the concurrence of the Colonial Office who, of course, are closely concerned in the future of the Island, since the control of Aden will be passing to them before very long.

Yours, &c.,

M. J. CLAUSON.

78016/36 [No. 17]. No. 52.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

MY DEAR BLAXTER, India Office, S.W.1, 18th April, 1936.

I enclose, for your information, a copy of a letter dated 16th April from Mr. Graham Wallis about the Perim negotiations. We had a long talk on the telephone yesterday and I asked him to let me have on paper the points which he wished to put to His Majesty's Government. The letter is, I think, self-explanatory.

I told Mr. Graham Wallis that these were points which really concerned the Imperial Departments rather than the India Office and that we should have to consult them—also that Reilly would almost certainly have to be consulted too.

It may perhaps be worth while for Government to consider paying something in respect of the telegraph facilities and to tackle the question of the buoying of the harbour, if by so doing they made it possible for the Asiatic Petroleum Company, Lloyd's and Cable & Wireless to stay in the Island, thus avoiding much of the heavy expenditure which would fall on public funds if the Island were left without any commercial companies on it.

But before considering the matter here, it seems desirable, if you agree, to get Reilly's views, and I enclose the draft of a telegram* to him for your concurrence or observations.

If you like we can, of course, have a meeting together, say on Monday, and, if you wish, get Graham Wallis to come down and explain matters to us. If you would like this please let me know.

I am sending a similar letter to Hale and to Seal.

Yours, &c.,

M. J. CLAUSON.

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* No. 54.

77

Enclosure 1 in No. 52.

[*Answered by No. 56.*]

DEAR MR. CLAUSON, 88, Leadenhall Street, E.C.3, 16th April, 1936.

I am afraid I took up a considerable amount of your time this morning, but I wanted just to explain as briefly as possible the impasse we have reached over the Perim negotiations with the various parties.

The result of our original meeting was that Asiatic to induce them to remain must have cable communication.

It was then agreed that E.T.C. and Lloyd's would get together and evolve a scheme because, as I think you know, the Lloyd's signalmen do the Cable Company's telegraphic work. The result of their collaboration is that there is a definite estimated deficit to the E.T.C. of £1,200 a year, and outside the Government there is only one other firm to whom to turn to ask to contribute, namely, Asiatic.

Asiatic very definitely stated that the payment of such a figure on top of their other estimated expenses for running their Perim Oil Depôt under a proposed new scheme would make the whole scheme impossible and that this alone, without any further question of the upkeep of the harbour, would force them to shut down the whole proposition and leave Perim.

You will doubtless realize that both E.T.C. and Lloyd's have very considerable experience of the cost of the installation and maintenance of such wireless stations as presumably the Government visualise and they are strongly of the opinion that these costs would be very much in excess of a reasonable contribution which, together with the value of the Government cable traffic, would possibly induce them to seriously reconsider their decision.

You will realize, therefore, that if this deadlock cannot be relieved, and fairly soon, and Asiatic decide to quit, Lloyd's would have no further interest in continuing the negotiations and will close up and withdraw their man, and I am quite sure that on anything like present conditions E.T.C. would have no interest in sending over their own operators because a considerable part of the credit in their present calculations is from Lloyd's traffic.

One other very serious point is that Asiatic have definitely decided that they cannot undertake any question of the upkeep of the harbour navigational lights and buoys. I briefly explained to you the rather sound reason which has induced Asiatic to come to this decision, and in short it is that they propose to maintain no plant which would admit of the upkeep of the harbour.

It would be definitely impossible for Asiatic to maintain a depôt if there were not perfectly safe navigational entry to the harbour by day or night.

These are the two main points upon which the whole future of Perim commercially seems to depend at the moment and if you can get some Government consideration on to them in the near future I still think there is a possibility of achieving some arrangement whereby some form of commercial life can be maintained at Perim, but you will readily understand that as between us there are still quite a number of difficulties, about which I think I need not worry you or the Government officially at the moment as I am in hopes that when the main questions are solved the others may perhaps find their own solution.

As I told you, I have kept our local Manager, Mr. Pape, fully posted week by week of all that is going on, and he in turn has posted Sir Bernard fully, and I am sending Mr. Pape a copy of this letter by to-day's mail, amplifying it with certain other local details and pointing out that if he can discuss the situation with Sir Bernard to the extent of the latter putting forward any recommendations on these two points it would probably expedite things considerably.

I pointed out to you also that we have shut down our establishment to the lowest possible limits at the moment to a not much more than a care and maintenance party, but while these prolonged negotiations are dragging on our expenses are accumulating and should be stopped, but we have no wish to embarrass the Government in any way in the service at Perim at this present juncture, but naturally I am hoping that no undue delay will be brought about seeing that we are now defining the main points at issue down to somewhat narrower limits.

Yours, &c.,

GRAHAM WALLIS.

M. J Clauson, Esq.,
India Office,
Whitehall, S.W.1.

78016/36 [No. 18]. No. 53.

MR. E. A. SEAL (ADMIRALTY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 20th April, 1936.)

(Secret.)

MY DEAR CLAUSON, Military Branch, Admiralty, S.W.1, 17th April, 1936.

With reference to my letter of the 30th January, 1936†, about Perim, I enclose herewith a copy of some correspondence which has since taken place with the Commander-in-Chief, East Indies, about the facilities which we require at Perim during the continuance of the present emergency.

In the light of this correspondence, will you please note that the lighted buoy marking the shoal situated about 1½ cables to the westward of Murray Point should be added to the lights mentioned in paragraph 3 of my letter under reference.

I am sending copies of this letter to Cowell and Hale.

Yours, &c.,

E. A. SEAL.

Enclosure in No. 53.

FROM COMMANDER-IN-CHIEF, EAST INDIES, TO ADMIRALTY.

29th February, 1936.

327. Admiralty letter M.05782/35 of 1st February, 1936, and No. 137/East Indies 3277K of 3rd February, 1936. It appears probable that all existing facilities at Perim, both afloat and ashore (? will be) required for use by ships of the Aden force during the period of South-west monsoon.

0948Z/29.

FROM ADMIRALTY TO COMMANDER-IN-CHIEF, EAST INDIES.

31st March, 1936.

Your 0948Z/29/2. Facilities at Perim. Impossible yet to state whether Oil Company and Cable and Wireless Limited will remain on the Island. Should they decide to leave it would probably be impossible to retain all existing facilities ashore and afloat except at excessive cost.

In light of your submission No. 137 of 3rd February, 1936, it is suggested that following navigational lights could be regarded as a minimum during continuance of present emergency:—

Harbour Lights.
- Pirie Point Light.
- Murray Point Leading Lights.
- Prince Shoal Light Buoy.
- Light Buoy marking shoal 1½ cables to westward of Murray Point.

Island Lights.
- High Light.
- Balfe Point.

Request you will report whether retention of any other facilities can be regarded as essential.

1533/31.

FROM COMMANDER-IN-CHIEF, EAST INDIES, TO ADMIRALTY.

8th April, 1936.

459. Your 1533* 31st March concur that lights proposed would be a satisfactory minimum. No other facility considered essential.

0940Z/8.

* Facilities at Perim.

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† No. 46.

78016/36 [No. 19]. No. 54.

THE SECRETARY OF STATE FOR INDIA

to

THE CHIEF COMMISSIONER, ADEN.

(Sent 20th April, 1936.)

TELEGRAM.

(Copy received in Colonial Office, 22nd April, 1936.)

[*Answered by No. 55.*]

1310. Addressed Aden, copy by Air Mail to Government of India.

Government of India's Express Letter of 13th January*. Perim.

I understand that Perim Coal Company have kept local manager fully informed as to progress of negotiations with other commercial concerns in the Island and have sent him copy of Graham Wallis's letter to Clauson of 16th April†. In order that His Majesty's Government may consider matter I should be glad of any expression of your views on question whether in the circumstances Government should consider paying subvention in respect of telegraph facilities and undertaking buoying of harbour. Could latter be conveniently done from Aden?

78016/36 [No. 20]. No. 55.

THE CHIEF COMMISSIONER, ADEN

to

THE SECRETARY OF STATE FOR INDIA.

(Received 11.30 a.m., 26th April, 1936.)

TELEGRAM.

(Copy received in Colonial Office, 28th April, 1936.)

26th April. 25/36. Your telegram 1310‡. In paragraph No. 9 of my letter of 16th November, 1935§, to Government of India, I have recommended purchase of short-wave pack wireless set for Perim, if present telegraph facilities are withdrawn. This set would cost Rs.2,700 and could be worked by two Arab operators. Cost of their pay and of maintenance of set would be about Rs.1,000 a year. A subvention to Cable and Wireless could hardly be more economical than this and would probably cost much more. If present facilities remain, payment for Government messages would be made at usual Government rates. I see no advantage in payment of a subsidy. My views regarding buoying of harbour are stated in paragraph No. 11 of my letter of 16th November, 1935. I can see no reason for Government to undertake this expenditure unless maintenance of harbour is required for strategic reasons. To do so for sole benefit of Asiatic Petroleum or other company would amount to giving company a subsidy to induce it to remain, and, incidentally, compete with oiling business at Aden. As far as I know, there is no prospect of presence of company attracting enough ships to Perim for cost of harbour maintenance to be recovered from port dues, nor is company likely to pay an amount of income tax that would reimburse Government, or to employ an appreciable number of local people that would relieve the Island unemployment. On general grounds I regret the closing of Perim, but I cannot recommend public expenditure that would be unnecessary and not remunerative, unless it is considered advisable for reasons of Imperial policy. If His Majesty's Government decide to maintain the harbour, this could be done conveniently from Aden as long as Government tug is kept there. My proposal has been to retain one only until the new Government condenser is set up.

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* No. 47. † Enclosure 1 in No. 52. ‡ No. 54. § Enclosure in No. 111 in Middle East No. 57.

78016/36 [No. 26]. No. 56.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 25th May, 1936.)

[*Answered by No. 57.*]

DEAR MR. GRAHAM WALLIS, Whitehall, S.W.1, 22nd May, 1936.

Would you kindly refer to your letter of the 16th April* about the Perim negotiations. We have now consulted the various authorities concerned and are sorry to say that there appears to be no hope of Government agreeing to make any contribution towards the maintenance of telegraphic communications. It is estimated that such a subvention could not fail to be very much more costly than the maintenance of the small wireless set which would, if necessary, be installed.

In regard to the lighting and buoying of the harbour, we fear there is no prospect of Government departing from the decision, as stated in my letter of 25th February†, that whilst in the present state of emergency they do not wish to see the harbour abandoned, they would not feel justified in bearing the cost involved in a permanent upkeep of the harbour. This means that it is not possible to hold out any hopes to Asiatic of the harbour being maintained at Government expense.

I am sorry this reply is so negative; but you will no doubt be glad to know precisely where you stand. The fact is that the cash value to Government of having some commercial life maintained on the island is not sufficient to warrant any outlay of the nature suggested.

Yours, &c.,

M. J. CLAUSON.

78016/36 [No. 28]. No. 57.

MR. GRAHAM WALLIS (PERIM COAL COMPANY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 30th May, 1936.)

Lambert Brothers, Limited, Cunard House,
88, Leadenhall, Street,

DEAR MR. CLAUSON, London, E.C.3, 26th May, 1936.

Many thanks for your letter of the 22nd instant‡. As you say, the contents does not make the position look very hopeful, and, of course, I was not unprepared for it in view of Sir Bernard Reilly's letter already received. Owing to the absence abroad of the man in Asiatic attending to this matter there has been some delay in consultation, but by the end of this week or early next week I am hopeful that they will have reached their conclusions.

I have, I am sorry to say, very little hope of Asiatic being able to make any successful scheme, so it really looks as if the end is now rather fast approaching.

Yours, &c.,

GRAHAM WALLIS.

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* Enclosure 1 in No. 52. † No. 51. ‡ No. 56.

78016/36 [No. 39]. No. 58.

RECORD OF MEETING TO DISCUSS THE FUTURE OF PERIM.

A meeting was held at the India Office on 14th July to discuss the various questions connected with the future arrangements of Perim. The following were present:—

SIR BERNARD REILLY.
MR. BLAXTER—Colonial Office.
MR. GRAHAM WALLIS—Perim Coal Company.
LORD HOOD.

MR. GRAHAM WALLIS stated in the first instance that the Asiatic Petroleum Company had finally decided to leave Perim and that Cable & Wireless and Lloyds would accordingly also both close down.

In connexion with the departure of the Asiatic Petroleum Company, a question had arisen in regard to their rights respecting their plant. Asiatic Petroleum Company have on the island two 8,000-ton tanks and one 400-ton tank; the cost of installing the former was roughly between £10,000 and £15,000. Asiatic Petroleum Company have tried to dispose of these tanks but have failed, and were therefore anxious to destroy them before evacuating the island, but they were not certain whether they were entitled to do so. It was agreed that the India Office should ascertain the legal rights of this question and discover whether Government had any right upon the tanks. If so, it was suggested that the Admiralty might be asked whether they had any use for them.

MR. GRAHAM WALLIS then explained that the business of the Perim Coal Company in Perim would be completed on 15th August and they were anxious to remove their skeleton staff as soon as possible after that date. They had no wish, however, to place Government in an awkward position, and they would therefore be glad to know upon what date it would be convenient for their Manager to leave the island finally and for him to hand over to Government the water-making plant which is to be taken over temporarily by Government. It was explained to Mr. Graham Wallis that steps were being taken to put into effect the Chief Commissioner's proposals for the maintenance by Government of minimum services; but that nothing had been done so far in regard to the installation of the new condenser, and that it was hoped that arrangements could be made for an indefinite loan from the Company of the necessary existing water-making plant. MR. GRAHAM WALLIS explained that the Company were not prepared to make an indefinite loan; that the water tug in question had already been earmarked for sale; that the Company hoped to dispose of various other items of the plant, and that they had not considered a loan of more than about three months. This led to a discussion of paragraph 3 of the letter to the Company of 25th February which had apparently been misunderstood by the Company; and this in turn was followed by a general discussion as to the relevant merits of the future arrangement for supplying water at Perim as suggested by Sir Bernard Reilly in his letter of 16th November*. Finally, in view of the reluctance of His Majesty's Government to incur any considerable capital expenditure at this juncture, it was suggested that it might be useful for Mr. Graham Wallis to make an offer on behalf of his Company to sell the plant in question to the Government. He mentioned the figure of £2,000 which he promised to confirm in writing. Pending a consideration of this offer and further discussion between the Government Departments concerned, Mr. Graham Wallis agreed that the plant should be handed over temporarily to Government free of charge.

MR. GRAHAM WALLIS then raised the matter of communications, and explained that Cable & Wireless and Lloyds were also anxious to evacuate the island as soon as possible, and that he would be glad to know when Government would be ready to take over these services. He was informed that an attempt would be made to find out when Government would be in a position to do so, and that Cable & Wireless might in the meantime be informed that steps were being taken in this direction.

Mr. Graham Wallis then left, and the representatives of the Colonial Office and India Office agreed that the instructions which had been drafted to the Government of India should issue with various alterations so as to include the points which had been raised in the course of the meeting; in particular, so as to ascertain the earliest date upon which Government would be in a position to take over the various essential services from the Perim Coal Company. It was further agreed that the question of the Asiatic Petroleum Company's rights should be looked into by the India Office, and that Mr. Graham Wallis's offer to sell the water-plant should be considered when it was received.

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* No. 111 in Middle East No. 57.

78016/36 [No. 36].

No. 59.

MR. GRAHAM WALLIS (PERIM COAL COMPANY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 17th July, 1936.)

[*Answered by No. 62.*]

Cunard House, 88, Leadenhall St., London, E.C.3,

15th July, 1936.

DEAR MR. CLAUSON,

I beg to refer to the Meeting* which took place at the India Office yesterday afternoon, the 14th instant, at which there were also present Sir Bernard Reilly and the Colonial Office Representative.

2. The first point discussed was the intimation that my Company had received from the Asiatic Petroleum Company of their intention to cease their operations at Perim at the earliest possible moment, subject to a definite agreement as to the manner in which they may dispose of their tanks. The understanding of both my Company and the Asiatic Petroleum Company is that in accordance with the Agreements in existence which were sanctioned by the India Office, the oil tanks definitely remain the property of the Asiatic Petroleum Company and, as advised, they very naturally in closing down their services desire to render them unfit for use by anybody who possibly at a later date may be attracted to the island.

3. It was agreed that the Legal Department should be consulted and a confirmation of this point passed to us at the earliest possible opportunity.

4. The Meeting then proceeded to discuss the following points, which in effect are all more or less interwoven:—

(*a*) Date on which Government will take over the working of the plant which my Company has agreed to temporarily hold at Government's disposal during the transition stage.

(*b*) Date on which Government will take over possession and/or maintenance of the harbour moorings, lights and beacons.

(*c*) Date on which Government will be ready with their own means of communications as it is desired to close down the existing cable communications at the earliest possible moment.

(*d*) Date on which my Company's Manager, Mr. John Pape, could be relieved of his duties as Government Agent.

I understand that so far no provisional arrangements whatever have been made in connexion with Points (*a*) and (*c*).

5. You will remember that the plant agreed is set out in your letter P.Z. 705/36, dated 25th February, 1936, paragraph 4, and I pointed out that I did not feel it was reasonable to be asked to hold this indefinitely at Government's disposal, and that if Government were going to take over and man this plant a definite period, say not exceeding three months, should be agreed, so as to enable me to take adequate steps for its ultimate disposal.

6. I put forward an alternative suggestion in connexion with this plant, namely, that if it would facilitate Government's calculations my Company would be prepared to sell outright the whole of this nominated plant, including the stock of coal now remaining on the island for the use of the condensers, which I believe is estimated at something over 100 tons, for the sum of two thousand pounds sterling, which offer I now beg to confirm. As suggested, I am quite willing that all this plant should be valued, if you so desire, upon the basis of a going concern at Perim.

7. I pointed out that our concession rental was still being paid in the ordinary way into the Treasury at Aden, and that it was our assumption that it would be in order to continue doing this until such time as we vacated, and the balance of the consolidated rent would be then ascertained and paid, but if in accordance with paragraph 2 of your above mentioned letter you prefer settlement made at once, then my Company will be quite willing to do so on the understanding of course that my Company's people were allowed to remain until the final closing down: I believe that the date of 1st May, 1936, named in that paragraph by you was mentioned because it coincided with the commencement date of the lease.

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* No. 58.

With regard to your paragraph 3 of the same letter in connexion with dilapidations, it was pointed out that the reference to hire money therein was to be as a direct cancellation out against dilapidations under clause 2.D. to which I am prepared to agree, but the taking over of such plant is, I think, dealt with in the sale offer which I have now made to Government.

With regard to Point (*b*), I explained that we expect shortly to know that the last mercantile steamer calling will be in the early days of August, after which we do not propose to continue the lighting of the harbour unless it is Government's wish that we shall do so as long as our stores and materials for lighting remain.

With regard to (*c*), an early intimation will be welcomed as to when the Government will be ready to be free of commercial means of communication, as it is now desired to withdraw the Lloyd's signalmen who attend to the cable duties, and here again we feel that we should not be asked to do this indefinitely, as there is now no cable revenue at all to warrant their remaining.

I shall be glad if you will kindly let me have a reply to the points raised at your earliest convenience, so that I can proceed with certain very necessary arrangements.

Yours, &c.,

GRAHAM WALLIS.

78016/36 [No. 37].

No. 60.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 83.*]

SIR, Whitehall, London, S.W.1, 23rd July, 1936.

I am directed by the Secretary of State for India to refer to the express letter from the Government of India dated 13th January, 1936*, of which a copy was sent to you under India Office No. P.Z. 705/36, regarding the future of the island of Perim. In paragraphs 6 and 7 of that letter the Government of India suggested certain principles, with which Lord Zetland concurs, for determining the incidence of expenditure between Imperial and Indian revenues. I am to enquire whether the Secretary of State for the Colonies concurs in the Government of India's proposals and whether the Lords Commissioners of the Treasury are prepared to accept as a charge on Imperial revenues the capital expenditure which will be involved in the event of the Perim Coal Company finally evacuating the island.

In this connexion I am to enclose a copy of a telegram which has been sent to the Government of India after consultation with your Department.

Although the Perim Coal Company have not as yet sent a definite reply to the demi-official letter from this Department dated 25th February, 1936†, in which certain suggestions were made in regard to the terms on which the Company's lease might be determined, it is assumed, for the purpose of this letter that the lease will eventually be determined on the basis of a lump sum payment.

I am, &c.,

J. C. WALTON.

Enclosure in No. 60.

TELEGRAM FROM SECRETARY OF STATE TO GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT, DATED 22ND JULY, 1936.

[*Answered by No. 66.*]

2157. Addressed Government of India, repeated Aden.

Chief Commissioner's letter of 16th November, 1935‡, No. C. 1045, and Government of India's Express Letter of 13th January, 1936*. Future of Perim. It is now certain that no Companies will remain in the island and Perim Coal Company are anxious to remove all their staff as soon as possible after 15th August. Chief Commissioner may therefore be authorized to put into effect proposal under alternative 1 in his letter of 16th November; i.e., minimum Government services without maintenance of harbour.

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* No. 47. † No. 51. ‡ Enclosure in No. 111 in Middle East No. 57.

2. As regards water supply no final choice has yet been made between three alternatives suggested by Chief Commissioner, as His Majesty's Government are anxious not to incur capital expenditure at this juncture. It is therefore proposed as interim arrangement that Government should take over from Company free of charge for a period not exceeding three months the necessary plant mentioned in paragraph 18 of Chief Commissioner's letter of 16th November. Permanent arrangements are receiving consideration here. Company have offered to sell above mentioned plant to Government for £2,000. Do you consider this a reasonable price? You will no doubt also consider whether any other second-hand equipment can be purchased from Company, e.g., motor car.

3. It will be difficult to persuade Perim Coal Company or any of the subsidiary Companies to remain at Perim for any appreciable period after 15th August, and it is therefore desirable for Government to make urgent arrangements for taking over the essential services, i.e., administrative, medical, communications and interim water arrangement mentioned in paragraph 2 above. I should be glad to learn as soon as possible the earliest date upon which Government will be in a position to do this.

4. Separate instructions have already been sent to Commander-in-Chief East Indies regarding temporary maintenance of such essential harbour lights as may be required during continuance of present emergency.

5. Other points (e.g., incidence of expenditure and detailed arrangements with Perim Coal Company for determination of lease) are being dealt with separately. Expenditure will of course have to be met in first instance from Indian Revenues, which would however in first instance be credited with lump sum payment from Company under present proposal for termination of lease. Without water condenser, etc., capital expenditure will be very small.

78016/36 [No. 42]. No. 61.

THE CHIEF COMMISSIONER, ADEN,

to

THE SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 6th August, 1936.)

54. 4th August. Addressed to Government of India, Foreign and Political Department, repeated to India Office. Your telegram No. 1667*. Arrangements can be made to take over from Perim Coal Company, free of charge, necessary plant, which I assume includes two tanks, barge, tug, waterboat and use of slipway. The necessary staff now at Perim are willing to remain. I consider 2,000 pounds sterling a reasonable price for plant if it includes (? all) above accessories but Port Engineer, who has examined the plant, is of the opinion that estimate of cost given in Appendix 1 of letter C-1045 of 16th November, 1935†, is excessive and was based on Perim Coal Company book values and that one condensing plant with tanks is not worth more than 300 pounds sterling. The second-hand equipment which I anticipate it may be desirable to purchase from the Company is surgical instruments and appliances for dispensaries and equipment for the rest house. As regards the motor-car it will probably be better to purchase one in Aden. Dharam Singh, present Perim Coal Company assistant surgeon, is willing to remain at Perim and I propose, subject to your approval, to retain him temporarily and to consider his permanent retention later.

The Eastern Telegraph Company have notified me that though no definite decision has yet been reached it will clearly be not economy to maintain an office in Perim after the Company vacates. Immediate arrangements will therefore have to be made for the purchase of a pack wireless set and the training of two Arab operators. In the meantime, I hope to be able to arrange for the loan of these locally.

I propose that the Government take over from the Company on 1st September.

Anticipated initial expenditure is Rs.60,000 and recurring Rs.25,000.

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* 78016/36 [No. 40]: not printed. † Enclosure in No. 111 in Middle East No. 57.

78016/36 [No. 45]. No. 62.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 13th August, 1936.)

[*Answered by No. 65.*]

(P.Z. 5619/36.)

DEAR MR. GRAHAM WALLIS, Whitehall, S.W.1, 11th August, 1936.

Would you please refer to your letter of the 15th July*, regarding the future arrangements at Perim. I understand from our telephone conversation that you would be glad to have this week information about the Asiatic Petroleum Company's tanks and about the position regarding the Company's water supply plant held at Government's disposal.

As regards the Asiatic Company's tanks you may take it definitely that the Company are at liberty to do whatever they please with these tanks.

As regards the water supply plant you are, I think, really anxious to know whether Government wish to take this plant over permanently (payment for it to be set off against the other items in the final settlement between Government and the Company) or wish merely to borrow it for three months (the cost of hire to be a direct cancellation of the Government's liability in regard to dilapidations). The offer which you make in your letter of the 15th July to sell outright the whole of the plant specified in paragraph 4 of my letter of 25th February, 1936†, is at present under consideration by the interested authorities. I hope that a decision may be reached shortly and the present indications are that Government will probably wish to buy this plant. I am sorry that it is not possible to say anything more definite at the moment.

As regards the other points dealt with in your letter, the suggestion of the local authorities is that the Company should hand over to Government on 1st September. As I understand from you that the last ship will probably be calling at Perim in the early days of September it would appear that a convenient date for handing over can be settled locally. This date will, of course, cover A, B and D in paragraph 4 of your letter. As regards C (Communications) it appears from our telegram from Aden that the local authorities are in touch with the local Cable and Wireless representatives. It appears that the Chief Commissioner hopes to be able to make interim arrangements for maintaining telegraphic communications pending the purchase of the necessary wireless set and training of operators. It would therefore appear probable that the local authorities will be able to arrange for responsibility for communications to be taken over on the same date as the other services are taken over.

Yours, &c.,

M. J. CLAUSON.

78016/36 [No. 47]. No. 63.

THE CHIEF COMMISSIONER, ADEN,

to

THE SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 14th August, 1936.)

57. 13th August. Addressed to Foreign, Simla, repeated to India Office and Naval Commander-in-Chief, East Indies Station. Reference my telegram 54/36 dated 4th August‡. Manager of Perim Coal Company informs me that it is probable that commercial interests will evacuate Perim about the end September. I therefore propose that Government should finally take over from 1st October.

Company state that last commercial ship is expected on 10th September, and propose that lighting of harbour should revert to Government on 15th September. I am informing Naval Commander-in-Chief, East Indies Station, and presume that if lighting is considered necessary he will undertake temporary maintenance.

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* No. 59. † No. 51. ‡ No. 61.

78016/36 [No. 44]. No. 64.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 68.*]

SIR, Downing Street, 15th August, 1936.

I am directed by Mr. Secretary Ormsby Gore to refer to the correspondence ending with Mr. Blaxter's letter to Mr. Wardley of the 9th July, 1936*, regarding the future of the island of Perim, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a letter† on this subject from the India Office, together with the enclosure thereto.

2. The proposals made by the Government of India regarding the apportionment of the lump sum payment by the Perim Coal Company and the initial and recurrent expenditure on the administration of Perim, as between His Majesty's Government, and the Government of India, are set out in paragraphs 6 and 7 of the letter from the Government of India to the Secretary of State for India of the 13th January, 1936‡, a copy of which was sent semi-officially from the India Office to the Treasury. In effect, these proposals, which the Secretary of State regards as reasonable, were as follows:—

(*a*) *Lump sum payment by the Company.*—The division of this sum to be made in proportion to the period of tenure of each party, that is to say, the Government of India should receive 15/88ths of the lump sum payment, fifteen months being the period from the 1st January, 1936, to 31st March, 1937, during which the Government of India will remain responsible for the administration in Perim, and 88 months being the period from 1st January, 1936, to which the lump sum payment of rent relates, in consideration of the lease of the Perim Coal Company being terminated as from that date.

(*b*) *Recurrent Expenditure.*—The Government of India to accept liability for recurrent expenditure up to the date of transfer, on the understanding that His Majesty's Government's contribution for Police expenditure will continue unaffected, this liability to be limited to the amount necessary if the harbour is not maintained.

(*c*) *Initial Expenditure.*—His Majesty's Government to accept entire liability for initial expenditure.

3. Although the Government of India referred in their letter to the incidence of cost, etc., as between themselves and His Majesty's Government, it is assumed that any initial and recurrent expenditure in respect of Perim will be a charge on the budget of the new Colony of Aden, and that the Colony will receive the appropriate proportion (i.e., 73/88ths) of the lump sum payment referred to in paragraph 2(*a*) above. On this assumption I am to inquire whether their Lordships are prepared to accept in principle the proposals of the Government of India, summarized in the preceding paragraph.

4. It is assumed that the initial expenditure will in the first instance be borne by the Government of India who will subsequently recover the amount spent from the new Colony. It is proposed to request the Government of India to obtain His Majesty's Government's prior sanction before incurring any of the proposed initial expenditure, giving detailed estimates of such expenditure.

5. It will be observed from paragraph 2 of the enclosure to India Office letter of the 23rd July that the Company have offered to sell certain plant for £2,000. If the Company's offer is accepted, an appreciable saving on the initial expenditure should result.

6. It is understood that the Government of Aden propose to relieve the Perim Coal Company of the administration of Perim on the 1st September next, and I am accordingly to request the favour of an early reply to this letter.

I am, &c.,

H. R. COWELL.

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* 78016/36 [No. 32]: not printed. † No. 60. ‡ No. 47.

78016/36 [No. 48]. No. 65.

MR. GRAHAM WALLIS (PERIM COAL COMPANY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 17th August, 1936.)

Cunard House, 88, Leadenhall Street, London, E.C.3,

DEAR MR. CLAUSON, 12th August, 1936.

Many thanks for your letter P.Z. 5619/36, dated 11th instant*, further with regard to the question of Perim liquidation. I note your ruling regarding the Asiatic Company's tanks which I have immediately passed on and am now awaiting their definite instructions. I think I have advised you that Asiatic expect their last ship to call in about the 8th/9th September to empty the tanks.

As regards the question of water, I note there is a definite possibility that the Government will now buy the specified plant and that the suggestion is that the local authorities may take over from the Company about the 1st September.

This indication I am passing on to Perim by wire to-day for their information, and it really only leaves open the question of communications and here I am in touch also with Cables & Wireless, and the general understanding between them and Lloyds (whose signallers attend to the telegraphic communications) and ourselves is that we will not withdraw the men until a reasonable time has been afforded to the Government to set in order their own communications.

The position is that we have to give these men written notice which up to the present has not been definitely given, and this notice can either be worked out or paid for.

I think therefore that the position is reasonably in order subject to your information to me regarding the Government's decision about buying the plant.

Yours, &c.,

GRAHAM WALLIS.

78016/36 [No. 52]. No. 66.

GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)

to

SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 20th August, 1936.)

[*Answered by No. 71.*]

1862. 17th August. Your telegrams 2175† and 2346 dated 22nd July and 12th August, and Aden telegram 54, dated 4th August‡. Perim.

2. We agree with Chief Commissioner that 1st September should be fixed as date on which Government take over from Company.

3. We are not in position to question estimate of £2,000 as reasonable price for water-plant and accessories, but in view of Chief Commissioner's comments suggest that it be made clear that this price would include all accessories mentioned by him and that use of plant for three months should be free of charge.

4. Including this sum in initial outlay, initial expenditure according to statement enclosed with our express letter of 13th January§ would be Rs.51,526, which includes cost of pipe lines (Rs.17,660) mentioned in paragraph No. 5 of Chief Commissioner's letter dated 16th November, 1935||, and appendix 1 enclosed to it (sic), and a sum of Rs.2,700 for wireless set in addition to Rs.4,500 on account of motor car in medical stores.

We presume that the Chief Commissioner anticipates other items of which he will supply details making sum up to Rs.60,000. The figure of Rs.25,000 recurring is apparently cost of six months in the current year from 1st September. The annual cost was shown as Rs.50,000 in comparative statement enclosed to our express letter of 13th January.

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* No. 62. † Enclosure in No. 60. ‡ No. 61. § Enclosure 1 in No. 47.
|| Enclosure in No. 111 in Middle East No. 57.

5. In view of the fact that Perim remains our responsibility until transfer of Aden, we agree that liability for initial outlay must, in the first instance, be taken on Indian revenues but this agreement is conditional on consequent readjustment. We must also ask for definite assurance that His Majesty's Government will reimburse entire initial outlay resulting from creation of material assets on the principle already adopted for the new buildings.

6. Above was drafted before receipt of Aden telegram No. 57 dated 13th August*. We see no objection to the Chief Commissioner's latest proposals, including postponement of the date to 1st October.

78016/36 [No. 53]. No. 67.

THE RESIDENT, ADEN

to

THE SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 20th August, 1936.)

58. 18th August. Addressed to Foreign, Simla, repeated to India Office and Colonial Office. My telegram No. 54 dated 4th August† regarding future of Perim. In last sentence for word " incidental ", read " initial ".

I have consulted Air Officer Commanding, British Forces in Aden, as to type of wireless set which should be installed at Perim and he has recommended that following short wave pack set be obtained at a cost of approximately £190.

(1) Unit B transmitter with valves.

(2) R64 receiver with appropriate s/w coils, valves and telephones.

(3) 80 watt Mackie.

(4) Accumulators for motoring Mackie generator, and for H/T and L/T.

(5) Mast apparatus.

(6) Stewart Turner charging set.

Item (6) is essential as Perim affords no charging facilities.

I request that arrangements be made to purchase and despatch above set to Aden as soon as possible. Pending the receipt Air Officer Commanding can provide set on loan.

78016/36 [No. 54]. No. 68.

TREASURY

to

COLONIAL OFFICE.

[*Answered by No. 74.*]

(S. 24222/2.)

SIR, Treasury Chambers, 20th August, 1936.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 15th August‡, with its enclosures, relative to the apportionment proposed by the Government of India as between Imperial and Indian revenues of the lump sum payment to be made by the Perim Coal Company on termination of their lease and of the initial and recurrent expenditure on the administration of Perim.

In reply, I am to request you to inform Mr. Secretary Ormsby Gore that My Lords concur in the arrangements set out in the letter under reply, on the understanding that the expenditure allotted to His Majesty's Government under these proposals will be a charge on the budget of the new Colony of Aden, the Colony receiving the share of the lump sum payment by the Perim Coal Company apportioned to His Majesty's Government. My Lords assume that, notwithstanding the delay that has occurred in relieving the Perim Coal Company of the administration of the island, it is still the

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* No. 63. † No. 61. ‡ No. 64.

intention to regard the lease as having been terminated on the 1st January, 1936, for the purpose of calculating the lump sum payment by the Company. If the lump sum payment were to be calculated with reference to a later date, the proportion to be credited to the Colony of Aden would have to be revised accordingly.

I am, &c.,
F. PHILLIPS.

78016/36 [No. 55]. No. 69.

CHIEF COMMISSIONER, ADEN,

to

SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 24th August, 1936.)

60. 21st August. Addressed to Foreign, Simla, repeated to India Office, London. My telegram No. 54 of 4th August* regarding revised estimate for Perim, and your telegram No. 1862† to India Office. Initial expenditure should be Rs.34,000 (round figures) and not Rs.60,000 which is total for initial and extra recurring and does not include depreciation on plant. The error is regretted. The estimate is based on fact that existing plant will be on loan free for three months and on assumption that it will be subsequently purchased (with all accessories) for £2,000. Should however it be decided not to purchase, estimates will have to be still further revised but no final estimate for future annual expenditure can be given until decision regarding water supply is made. As Government will not now take over until 1st October estimate of recurring expenditure should be reduced by one-seventh to Rs.21,000.

78016/36 [No. 57]. No. 70.

NAVAL COMMANDER IN CHIEF, EAST INDIES,

to

SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 25th August, 1936.)

1850/22. 22nd August. Addressed to Political Resident, Aden, repeated to Government of India, Foreign and Political Department, Simla, and India Office, from Naval Commander in Chief, East Indies. Your telegram No. 61, 21st August. (? Considered that) (? continuation of) lighting at Perim is not, repetition not, considered necessary.

Enclosure 1 in No. 78016/36 [No. 59].

No. 71.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

TELEGRAM.

(Copy received in Colonial Office, 2nd September, 1936.)

[*Answered by No. 76.*]

2471. 28th August. Addressed Government of India repeated Aden.

Your telegram 17th August, 1862†, and Aden telegram 21st August, 60‡. To enable final sanction to be obtained from Treasury for estimates as a whole including

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* No. 61. † No. 66. ‡ No. 69.

proposal to purchase Company's water plant and accessories will Chief Commissioner please specifiy items covered by Rs.34,000 initial expenditure and indicate how figure of Rs.21,000 recurring expenditure for six months is made up. Can Rs.42,000 be taken as estimate of recurring expenditure for full year assuming of course that existing water supply is retained?

2. As regards paragraph 5 of your telegram* I understand that Treasury have now accepted proposals in paragraph 7 of your express letter of 13th January†.

3. I assume you will give Aden authority to retain present Assistant Surgeon as requested in Aden telegram of 4th August‡.

Enclosure 2 in No. 78016/36 [No. 59].

No. 72.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

TELEGRAM.

(Copy received in Colonial Office, 2nd September, 1936.)

2476. 28th August. Addressed Government of India copy by Air Mail to Aden. Aden telegram 18th August, 58§. Perim wireless set. As expenditure will be from Indian Revenues in first instance, do you agree that I should ask High Commissioner to make necessary arrangements. If so I assume that cost should be debited through remittance account.

78016/36 [No. 60].

No. 73.

THE ACTING CHIEF COMMISSIONER, ADEN,

to

THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office, 2nd September, 1936.)

(No. C/1306.)

15th August, 1936.

Reference your telegram No. 2346 of 13th August, 1936||, to the Government of India.

I enclose a statement showing details of the revised figures mentioned at the end of my telegram No. 54 of 4th August‡.

M. C. LAKE,

Acting Chief Commissioner.

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* No. 66. † No. 47. ‡ No. 61. § No. 67. || 78016/36 [No. 58]: not printed.

Enclosure in No. 73.

REVISED ESTIMATE.

	For seven months.	*Recurring.* Rs.
Condenser.		
1 Foreman	@ Rs. 119 per mensem	833
2 Firemen	@ Rs. 32 ,,	448
2 Greasers	@ Rs. 37 ,,	518
2 Scalers	@ Rs. 22 ,,	308
Water Barge.		
One Khalasi	@ Rs. 22 per mensem	308
Tug.		
1 Skipper	@ Rs. 45 per mensem	315
1 Driver	@ Rs. 46 ,,	322
2 Khalasis	@ Rs. 22 ,,	308
2 Firemen	@ Rs. 32 ,,	448
Coal for Condenser and Tug.		
280 tons @ Rs. 19.11.00 per ton		5,512
Labour for lifting Barges and Slipway as may be required		2,000
Stores, &c.		1,500
Maintenance of Barges		2,685
Maintenance of Slipway		1,750
Maintenance of Rest-House		238

		Rs.	
Medical.			
1 S.M.S. Officer	@ Rs. 385/- per mensem	2,695/-	
1 Compounder	@ Rs. 85/- ,,	595/-	
1 Sweeper	@ Rs. 25/- ,,	175/-	
1 Orderly	@ Rs. 20/- ,,	140/-	
Supplies and Services.			
Clothing		44/-	
Petty supplies and sundries		73/-	
Indigenous patients		44/-	
Medicines		146/-	
Office contingencies		29/-	
Medical comforts		146/-	
			4,087
Communications.			
2 Wireless Operators @ Rs. 45/- per mensem			630
Allowances to the Commandant of Police and Clerk @ Rs. 150/- per mensem			1,050
Destitutes.			
Water, &c., to Destitutes @ Rs. 150/- per mensem			1,050
Rest House.			
One Khansama @ Rs. 45/- per mensem One Sweeper @ Rs. 15/- per mensem			420
			24,730

	Non-recurring Rs.	
Cost of plant, £2,000/-	=27,000/-	
Cost of Wireless Set, £200/-	= 2,700/-	
Transport charges, £10/-	= 133/-	
Surgical instruments and Appliances	= 2,500/-	
Rest House Crockery, Bed and Linen	= 2,000/-	
Motor Car	= 1,000/-	
		35,333
Total		Rs.60,063
In round figures total		Rs.60,000

Note.—The cost of hire of the Condenser plant, two tanks, lifting barge, tug, water boat and slipway has not been included in this estimate as it is not known what the rent will be.

78016/36 [No. 61]. No. 74.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. D. J. WARDLEY (TREASURY).

[*Answered by No. 78.*]

DEAR WARDLEY, Downing Street, S.W.1, 5th September, 1936.

Will you please refer to our letter of the 15th of August* and your reply of the 20th of August, No. S. 24222/2†, regarding the future arrangements at Perim?

It was stated in paragraph 4 of our letter that His Majesty's Government's prior sanction would be sought before the expenditure was incurred and I now write to send you the information which we have received both as to the initial expenditure and the recurring expenditure.

This has come in the form of a letter‡ from the Acting Chief Commissioner to the Secretary of State for India, a copy of which I enclose. At one stage we were not quite clear how the figures were made up, but it is clear from the latest telegraphic correspondence with the Government of India and Aden that the figures given in this letter are correct. You have had some of the telegrams from the India Office, but I am not sure that they have sent you them all. In effect we have, I think, already to a great extent obtained Treasury concurrence in regard to this, since you will remember that you concurred in the despatch of India Office telegram No. 2157 of the 22nd July§. This authorized the Chief Commissioner to put the proposals into effect.

Everyone is agreed that it would be a good arrangement to purchase the water condensing plant and its accessories for £2,000 and we should therefore like to let the Company know as soon as possible that this is agreed to.

It is now proposed that the change over should take place on the 1st of October. The figure for recurring expenditure can therefore be reduced to Rs.21,000 (round figures) for six months instead of the figure of Rs.24,730 for seven months. The initial expenditure you will see amounts to Rs.35,000 (in round figures). This latter sum includes the cost of the purchase of the water condensing plant and accessories.

I notice one point, namely, that under recurring expenditure there is provision for the purchase of coal. This will, of course, have to be purchased in the future, but you will remember that the offer of Mr. Graham Wallis to sell the nominated plant for £2,000 included the stock of coal now remaining on the island—see paragraph 6 of his letter to Clauson of the 15th July||. We will remind the Chief Commissioner of this.

We should like now to be able to say as soon as possible that we agree to all these arrangements, so perhaps you can let me have a line at an early date to say that the Treasury concur.

Yours, &c.,

K. W. BLAXTER.

78016/36 [No. 62]. No. 75.

INDIA OFFICE

to

AIR MINISTRY.

(Copy received in Colonial Office, 5th September, 1936.)

SIR, Whitehall, London, S.W.1, 2nd September, 1936.

I am directed to forward for the information of the Air Council copies of telegrams from the Resident, Chief Commissioner and Commander-in-Chief, Aden¶, and from the Government of India, dated 18th and 28th August respectively, regarding the purchase of a wireless set for the island of Perim.

2. This set is required in view of the fact that, consequent on the decision of the Perim Coal Company to close down their business in the island, the Cable and Wireless station is also being closed down. On the recommendation of the Resident and Chief Commissioner it has been decided that Government should provide the necessary minimum telegraphic facilities by means of a wireless installation. In view of the fact

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* No. 64. † No. 68. ‡ No. 73. § No. 60. || No. 59. ¶ No. 67.

that Aden will cease to be part of British India on 1st April, 1937, and will be transferred to His Majesty's Government it has been agreed that capital expenditure on such items as the provision of a wireless set should ultimately be borne by Aden Colony funds. In the meantime, however, the charges are being borne by Indian Revenues.

3. I am to request that, if the Air Council see no objection, urgent steps may be taken to purchase and despatch to Aden a wireless set of the type desired. It will be observed that in the meantime the Air Officer Commanding is providing a set on loan and that payment for the new set will be arranged by the local authorities at Aden.

4. A copy of this letter is being sent to the Treasury and Colonial Office.

I am, &c.,

M. J. CLAUSON.

Enclosure 2 in No. 75.

TELEGRAM FROM THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT, TO THE SECRETARY OF STATE FOR INDIA.

1947. 28th August. Addressed to Secretary of State for India, repeated to Aden. Reference Aden telegram No. 59, 18th August. Wireless set for Perim. It is understood that set required is of Royal Air Force service type and can be supplied by Air Ministry. We request that Air Ministry be asked to arrange for despatch of set to Chief Commissioner, Aden. Payment will be arranged by Aden.

78016/36 [No. 63]. No. 76.

GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)

to

SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 8th September, 1936.)

2007. 5th September. Your telegram No. 2476 of 28th August*. Perim Wireless Set. Please refer to our telegram No. 1947 of 28th August. Cost may be debited through remittance account subject to readjustment, *vide* paragraph No. 2 of your telegram No. 2471† of same date.

78016/36 [No. 64]. No. 77.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 8th September, 1936.)

[*Answered by No. 80.*]

DEAR MR. GRAHAM WALLIS, Whitehall, S.W.1, 7th September, 1936.

Would you kindly refer to the correspondence ending with your letter of the 12th August‡ about the future of Perim.

I was hopeful that on your return to London we should be in a position to let you know definitely that His Majesty's Government wished to accept your offer to sell the water plant. We have not quite reached that position, but we are, I hope, very near

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* No. 72. † No. 71. ‡ No. 65.

it as the matter is, I understand, before the Treasury for formal approval. In the meantime I have been asked to get it definitely confirmed from you that your offer included all the plant and accessories mentioned in my letter of 25th February*, namely:

1 of the existing sets and condenser plant.
2 45-ton tanks.
1 lifting barge.
1 tug.
1 water boat,
and the use of a slipway.

(Incidentally I do not understand the precise significance of the last item " use of a slipway ".)

I think it is absolutely clear from your letter of 15th July† that this is the case, but perhaps you would be so very kind as to confirm once more that the sum of £2,000 would cover all these items.

As regards telegraphic communications, we understand that the Air Officer Commanding is able to lend a wireless set for Perim pending the purchase of a new set which we are doing in London. There should therefore be no difficulty about arrangements being made locally for the communications being handed over at a mutually convenient date.

As regards the lighting of the harbour, we understand that the Naval Authorities definitely do not require the harbour to be lighted any longer so that there is no difficulty there.

There are one or two other points which we have to settle at our leisure. There will presumably have to be some sort of a Legal Deed terminating the lease. I am not sure what is the most convenient way of preparing the Deed; will the Company be able to produce a draft or shall we have to get it done?

You raised at the meeting here on the 14th July‡ the question whether you should go on paying rent until such time as the Company vacate and in fact I understand that rent is still being regularly paid in the ordinary way at Aden. On the other hand we set out in my letter of 25th February certain calculations based on the assumption that the lease of the Company would be terminated with effect from the 1st January, 1936. We have taken no formal instructions in the matter but our feeling rather is that it would be best to stick to those figures and that payments of rent since 1st January, 1936, should be regarded as advances towards the lump sum. The sum eventually to be paid by the Company would then be £7,200 less what they have paid since 1st January.

Perhaps you would kindly let me have your views on these points at your convenience. I will let you know directly a decision is taken about the water plant which should be very soon indeed.

Yours, &c.,
M. J. CLAUSON.

78016/36 [No. 65]. No. 78.

MR. D. J. WARDLEY (TREASURY)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

[*Answered by No. 91.*]

(S.24222/2.) Treasury Chambers, Whitehall, S.W.1,

DEAR BLAXTER, 10th September, 1936.

In reply to your letter of 5th September§ about future arrangements at Perim, we see no objection to your proposals in respect of initial equipment and the first six months' running.

Yours, &c.,
D. J. WARDLEY.

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* No. 51. † No. 59. ‡ No. 58. § No. 74.

78016/36 [No. 66]. No. 79.

CHIEF COMMISSIONER, ADEN

to

SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 11th September, 1936.)

70. 9th September. Addressed to Secretary of State for India, repeated to Foreign, Simla. Telegram No. 70. Your telegram No. 2471, 29th (sic? 28th) August*. Details of initial and recurring expenditure were sent you by express letter dated 15th August†.

Subsequent to visit to Perim by Civil Secretary, Rs.5,000 must be added to initial expenditure for additional item which will be explained (? by mail).

Recurring expenditure of Rs.42,000 must be increased by Rs.3,750 to cover cost of transport (of) water, additional sweeper and a clerk, who is considered absolutely necessary to maintain stores and water accounts.

78016/36 [No. 67]. No. 80.

MR. GRAHAM WALLIS (PERIM COAL COMPANY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 11th September, 1936.)

Cunard House, 88, Leadenhall Street,
London, E.C.3, 9th September, 1936.

DEAR MR. CLAUSON,

I have your letter dated 7th September‡ and I confirm my conversation of this morning.

We await to hear the decision of His Majesty's Government concerning the acceptance of our offer to sell certain specified plant at Perim. In the meantime I confirm that this offer definitely includes all the plant and accessories mentioned in your letter of the 25th February last§, namely:—

The water making and condenser plant
2 45-ton tanks
1 lifting barge
1 tug (*Girl Guide*)
1 water boat
a slipway used for hauling ashore the floating plant for repairs.

As a matter of fact upon acceptance we are proposing to hand over to you something in excess of this as actually the condenser plant consists of a complete duplicate set which are used turn and turn about while the other is being cleaned.

Further we propose to hand over all the water storage tanks as they stand.

In addition it is now agreed that we will hand over to you with the above sale the remaining stock of coal, estimated at about 100 tons.

As a matter of fact I gather from the correspondence that our Manager has agreed with Colonel Lake that this coal will be taken over at its valuation, but I am instructing him by this mail that this arrangement is to be cancelled.

I gather from the correspondence that the arrangements have been made between our Manager and Colonel Lake that the lighting of the harbour shall cease at the end of September and further that arrangements have been made for the Government to take over the running of all the specified plant as from the 1st October, and as it is hoped that the whole of the Asiatic Petroleum Company's dismantling will be completed and shipped away this month it looks as if we can work upon the 30th September as the official closing date, but I have pointed out that it will probably be necessary for some of our personnel, we have still three Englishmen on the island (and two Signalmen), to remain for some little while afterwards just for the final clearance up; to this I understand you raise no objection.

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* No. 71. † No. 73. ‡ No. 77. § No. 51.

With regard to the final payment of capitalized rent we are perfectly in accord that same shall be dealt with in accordance with your letter of the 25th February, namely that the amount payable in final discharge of the lease shall be deemed to be Rs.96,000 as at the 1st January, 1936, and that any payments of rent which have been made since that date shall be considered as having been paid on account of that amount. I will make arrangements to have the money available on that date and I presume it is your wish that from this payment we should deduct the rupee equivalent of the £2,000 if the previously mentioned sale of the specified plant is confirmed.

Regarding the legal termination of the lease, I would suggest that all that is necessary will be a formal endorsement on the original lease to the effect that the capitalized payment is in full satisfaction of the lease and that no other legal document is necessary; this endorsement should, of course, be done in London and I shall await your final instructions on this point.

It seems to me now that the only outstanding point is that Cables and Wireless have not yet received the formal permission to cease telegraph operations which has been applied for from the Government Committee, but perhaps you could, as you suggest, get in touch with the requisite Department to see if this could be hurried along, but of course as the two Lloyds signalmen can still be made available they will not withdraw from the Telegraph Service until your wireless set is fully functioning, and I take it that if you are getting the loan of a temporary one this is now in course of erection and should be ready.

As mentioned on the telephone our Manager, Mr. Pape, who, as you know, also acts in the capacity of Government Agent, has sent me a copy of letter addressed to the C.C., Aden, dealing with a number of local matters connected with the closing up; he writes that he was in doubt as to whether this letter should be written by him in his capacity as Manager of the Perim Coal Company or as Government Agent, but finally decided upon the latter and as there is much in it in which my Company is connected he felt he might send me the copy*, which I now enclose. Later on, if you could return it to me to keep in my file I shall be much obliged.

If there are any other points which occur to you perhaps you will kindly communicate further with me.

Yours, &c.,

GRAHAM WALLIS.

78016/36 [No. 71].

No. 81.

CABLE AND WIRELESS LIMITED

to

INDIA OFFICE.

(Copy received in Colonial Office, 17th September, 1936.)

Electra House, Victoria Embankment,
London, W.C.2, 11th September, 1936.

SIR,

I have to refer to the interview accorded this morning to representatives of my Company at which the position caused by the evacuation of the Perim Coal Company from Perim Island was discussed.

The withdrawal of all commercial interests from the island renders necessary the closing down of our Perim Telegraph Office and consideration of the question of continuing our Cable Tank depot there. In this latter connexion my Company desires to point out that, in the event of our Cable Tanks being given up, the efficiency of the cable service will be somewhat impaired, as, it would be necessary for our cable vessels to proceed either to Suez or Mombasa for the purpose of replenishing their stocks of cable, and my Company desires to be informed of the views of His Majesty's Government in regard to the consequent delay in the repair of cables which form an important link in the Company's system of Empire Communications and may therefore be regarded as of strategic importance particularly in times of national emergency.

The representatives of my Company were informed during the interview that Government plans for administering the island would include the provision of water, food and medical attendance and the elementary needs of the inhabitants, and it was understood that the India Office might be disposed to extend facilities to my Company in the matter of accommodation for and supervision of native labour employed at our

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* Not printed.

tanks if it is found desirable and practicable to maintain the depot there. Pending receipt of the views of His Majesty's Government regarding the importance of maintaining the depot my Company would appreciate enquiry being made as to the possibility of temporarily retaining on the island a foreman and five of the labourers skilled in the work of handling cable, as it is understood that the Perim Coal Company intend to evacuate the island on 30th instant.

I am, &c.,

(Sgd.)

(Chairman.)

78016/36 [No. 75]. No. 82.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

TELEGRAM.

(Copy received in Colonial Office, 18th September, 1936.)

2624. 15th September. Addressed Government of India repeated Aden. Continuation of my telegram of 22nd July, 2157*. Perim. His Majesty's Government have now definitely decided to purchase for £2,000 water plant and accessories. This will include, besides items specified in India Office letter of 25th February†, second condenser, remainder of water tanks, and complete stock of coal.

2. Treasury have accepted estimates for capital expenditure and for recurring expenditure for next six months, subject of course to consideration of subsidiary items referred to in Aden telegram of 9th September, No. 70‡. Treasury are not directly concerned in recurring expenditure until 1st April next, but it was necessary to obtain their general agreement as future years are affected also.

3. Cable and Wireless who had contemplated closing down completely are now considering keeping up depôt and cable tanks, which can be done with staff consisting of foreman and five or six workmen. Will semi-skilled men now employed by Coal Company for this purpose be available for continued employment, and can arrangements be made for necessary supply of water and for accommodation and supervision of staff. It is desired in any case to make temporary arrangements as from 1st October pending decision by Company in consultation with His Majesty's Government (who may be interested from Defence standpoint) as to permanent arrangements. I suggest Chief Commissioner should consult local representatives of Coal Company and Cable and Wireless and report whether suitable arrangements can be made.

78016/36 [No. 72]. No. 83.

COLONIAL OFFICE

to

INDIA OFFICE.

[*Answered by No. 97.*]

SIR, Downing Street, S.W.1, 21st September, 1936.

I am directed by Mr. Secretary Ormsby Gore to refer to your letter of the 23rd July§ regarding the future arrangements at the Island of Perim, in which you enquire whether the Secretary of State for the Colonies concurs in the Government of India's proposals for determining the incidence of expenditure between Imperial and Indian revenues, as set out in paragraphs 6 and 7 of their letter of the 13th of January, 1936||, to the Secretary of State for India.

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* Enclosure in No. 60. † No. 51. ‡ No. 79. § No. 60. || No. 47.

2. In reply, I am to state that after consultation with the Lords Commissioners of the Treasury, Mr. Ormsby Gore concurs in the proposals of the Government of India, which in effect are as follows:—

(*a*) *Lump sum payment by the Perim Coal Company.*

The division of this sum is to be made in proportion to the period of tenure of each party, that is to say, the Government of India will receive 15/88ths of the lump sum payment, fifteen months being the period from the 1st January, 1933, to 31st March, 1937, during which the Government of India will remain responsible for the administration in Perim, and 88 months being the period from 1st January, 1936, up to the date on which the lease would normally have terminated.

(*b*) *Recurrent Expenditure.*

The Government of India is to accept liability for recurrent expenditure up to the date of transfer, on the understanding that His Majesty's Government's contribution for police expenditure will continue unaffected.

(*c*) *Initial Expenditure.*

His Majesty's Government is to accept entire liability for initial expenditure.

3. These arrangements have been agreed to by the Lords Commissioners of the Treasury on the understanding that the expenditure chargeable against His Majesty's Government under these proposals will be a charge on the budget of the new Colony of Aden when it comes into existence, the Colony receiving the share of the lump sum payment by the Perim Coal Company apportioned to His Majesty's Government.

4. Their Lordships also assume that, notwithstanding the delay that has occurred in the departure of the Perim Coal Company, it is still the intention to regard the lease as having been terminated on the 1st of January, 1936, for the purpose of calculating the lump sum payment by the Company. As a result of semi-official discussion with your Department, the Company have been asked whether they agree that the original arrangement should stand, and it is noted that Mr. Graham Wallis, in his letter to Mr. Clauson of the 9th of September*, has stated that his Company agree that the amount payable in final discharge of the lease shall be deemed to be Rs.96,000 as at the 1st January, 1936, and that any payments of rent which have been made since that date shall be considered as having been paid on account of that amount.

I am, &c.,

J. M. MARTIN.

78016/36 [No. 76]. No. 84.

THE ACTING CHIEF COMMISSIONER, ADEN,

to

THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office, 25th September, 1936.)

(No. C-1467.) 9th September, 1936.

Subject: Future administration of Perim.

Reference my telegram No. 70 of 8th September, 1936†.

I give below a supplementary estimate for additional items of expenditure required for the future administration of Perim, in addition to the estimates already submitted.

Non-recurring.	*Rs.*	
(*a*) Purchase of a Dredger £50/-	700	
(*b*) Purchase of 3 Camels @ Rs.150/- each	450	
(*c*) Six Pakals for Water @ Rs.15/-	90	
(*d*) Office Furniture	105	
(*e*) Camel Equipment (Saddles, Ropes, etc.)	105	
(*f*) Re-roofing the Old Quarantine Hospital, Alterations and Repairs	3,550	
		Rs.5,000
Recurring	*Rs.*	
(*g*) One Clerk on Rs.50–5–80 (average Rs.70/- per mensem)	840	
(*h*) One additional Sweeper @ Rs.18/- per mensem	216	
(*i*) One Water Tank Delivery Man @ Rs.25/- per mensem	300	
(*j*) Two Drivers @ Rs.20/- per mensem	480	
(*k*) Cost of Fodder @ Rs.30/- per mensem each	1,080	
		Rs.2,916

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* No. 80. † No. 79.

2. I will now explain the items above.

Item (*a*).—The Government Agent, Perim, informs me that there is sufficient coal to be salved in the harbour to last for many years. All that is required is a small dredging barge which is there. This could be worked by the tug crew who will not have much to do.

Items (*b*), (*c*), (*e*), (*j*) *and* (*k*).—It is proposed to make arrangements to transport water to Police and Lighthouse establishments by camels instead of at contract rate @ Rs.1/8/- per 100 gallons. The former method appears to be cheaper and the present contractor is not well spoken of by the Government Agent.

Item (*d*).—This is for the purchase of office furniture from the Perim Coal Company.

Item (*f*).—Colonel Phipson, the Civil Administrative Medical Officer, Aden, is of opinion that medical facilities should be abandoned in the Concession and transferred to Meyun at the Quarantine Hospital. A building exists but it requires re-roofing, alterations and repairs.

Item (*g*).—A Clerk will be absolutely necessary to maintain and check the water accounts and stores.

Item (*h*).—An additional Sweeper is necessary, as a certain number of inhabitants have their homes in the Concession area and no accommodation exists for them in Meyun village.

Item (*i*).—This work will be given to the Peon of the Government Agent's Office who is already there and who receives Rs.28/- per mensem + house rent Rs.3/- per mensem.

M. C. LAKE,
Acting Chief Commissioner.

Enclosure 1 in No. 78016/36 [No. 77].

No. 85.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office, 30th September, 1936.)

Whitehall, London, S.W.1, 24th September, 1936.

SIR,

With reference to paragraphs 6 and 7 of the Government of India's letter of 13th January, 1936*, regarding future arrangements for the administration of the Island of Perim, I am directed by the Secretary of State to forward, for the information of the Government of India, a copy of a letter† from the Colonial Office, from which it will be seen that the Lords Commissioners of the Treasury have accepted the proposals of the Government of India in regard to incidence of expenditure.

2. It is understood that the necessary arrangements for the payment of the lump sum by the Perim Coal Company on 1st October will be made by the Acting Chief Commissioner at Aden and the Company's local representative.

3. A copy of this letter and its enclosure is being sent to the Acting Chief Commissioner.

I am, &c.,
M. J. CLAUSON.

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* No. 47. † No. 83.

Enclosure 2 in No. 78016/36 [No. 77].

No. 86.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 30th September, 1936.)

[*Answered by No. 87.*]

DEAR MR. GRAHAM WALLIS, Whitehall, S.W.1, 24th September, 1936.

Would you kindly refer to the correspondence ending with your letter of 9th September* about the future of Perim. His Majesty's Government have definitely decided to accept your offer to sell the plant, coal, etc., specified in your letter, for £2,000. They would, however, prefer to keep this transaction distinct from the payment which your Company will be making in final discharge of your lease, and the sum of £2,000 will therefore be paid over at the conclusion of three months from 1st October.

As regards the legal termination of the lease, our Legal Advisers think it desirable to have a formal Deed of Surrender, and are preparing it here. The fees are unlikely to exceed £3, and we therefore hope that you will see no objection to paying them. This Deed, after signature, would be handed over to you in exchange for the original lease and in consideration of the final payment of capitalized rent, i.e., £7,200 minus any payments of rent which have been made since 1st January, 1936. We understand that you are arranging for this payment to be made in Aden on or about 1st October.

Perhaps you will confirm that these arrangements suit the Company.

I am returning the copy of Mr. Pape's letter which you kindly enclosed in your letter under reference.

Yours, &c.,

M. J. CLAUSON.

Enclosure 3 in No. 78016/36 [No. 77].

No. 87.

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 30th September, 1936.)

Cunard House, 88, Leadenhall Street,

DEAR MR. CLAUSON, London, E.C.3, 25th September, 1936.

I have to acknowledge your letter of the 24th instant†, regarding the future of Perim.

I have to thank you for your notification of the acceptance by His Majesty's Government of the sale to them of the specified plant for £2,000, which money it will suit us to receive here in London in sterling on the 31st December, 1936. We are, therefore, instructing our Manager to pay over to the Treasury in Aden on the 30th September next the sum of Rs.96,000/- being the agreed figure of capitalized rent as mentioned in your letter of the 25th February last‡, but from this amount there shall be deducted any balance of rent made and applicable since the 1st January. We are instructing him to take an ordinary receipt, advising that we shall in due course be signing here the formal Deed of Surrender which you are preparing, the fees in connection with which are estimated to amount to £3 and which we shall be pleased to bear. I thank you for returning Mr. Pape's letter which I had forwarded to you for reference.

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* No. 80. † No. 86. ‡ No. 51.

This, I think, covers the whole final phase of the position as far as the Perim Coal Company is concerned, but I understand the Eastern Telegraph have not yet made a final decision, and, of course, our last one or two Englishmen together with the Signallers will not leave until the final closing up is settled and the new communications established, but it is arranged that we shall confer again about the middle of next month when it is hoped arrangements may be then possible to release the Signallers.

Yours, &c.,

GRAHAM WALLIS.

78016/36 [No. 78]. No. 88.

CHIEF COMMISSIONER, ADEN,

to

THE SECRETARY OF STATE FOR INDIA.

TELEGRAM.

(Copy received in Colonial Office, 30th September, 1936.)

78. 26th September. Addressed to India Office, repeated to Foreign, Simla. Your telegram No. 2624, 15th September*. Semi-skilled labour will be available if employment is offered in the near future. Water, accommodation and medical supervision can be arranged on payment.

78016/36 [No. 79]. No. 89.

INDIA OFFICE

to

CABLE AND WIRELESS LIMITED.

(Copy received in Colonial Office, 2nd October, 1936.)

[*Answered by Enclosure in No. 96.*]

SIR, Whitehall, London, S.W.1, 28th September, 1936.

In continuation of my letter of the 17th September, No. P.Z. 6660/36, regarding the Company's cable tank depôt at Perim, I am directed to inform you that a telegram† has been received from the Acting Chief Commissioner at Aden in which he states that the semi-skilled labour required by the Company for the temporary continued maintenance of the depôt will be available if employment is offered in the near future. Colonel Lake adds " water accommodation and medical supervision " can be arranged on payment. It is not quite clear from this telegram what the projected arrangements are in regard to supervision; it was understood from the Company that what is required is supervision of the men's work as well as of their health. However, this appears to be a point that could best be cleared up locally.

2. It is understood that the Acting Chief Commissioner is in touch with the Manager of the Perim Coal Company and with your Company's local representative and the Secretary of State assumes that you will instruct your representative to make the necessary arrangements—which it would appear from Colonel Lake's telegram are feasible—for the temporary maintenance of the depôt.

I am, &c.,

M. J. CLAUSON.

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* No. 82. † No. 88.

78016/36 [No. 80]. No. 90.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. GRAHAM WALLIS (PERIM COAL COMPANY).

(Copy received in Colonial Office, 5th October, 1936.)

[*Answered by No. 93.*]

DEAR MR. GRAHAM WALLIS, Whitehall, S.W.1, 2nd October, 1936.

I enclose a copy of a draft Deed of Surrender* in respect of the Perim Coal Company's lease which our lawyers have drawn up.

Have you any comments to make on it? And are you in a position to let me know what in fact is the sum of money which is actually being paid over on 6th October (i.e., the net sum representing Rs.96,000 *minus* whatever has been paid in rent since 1st January, 1936)? As you will see, the figure is needed to fill in the blank. If you are not, I will ask Aden.

Yours, &c.,

M. J. CLAUSON.

78016/36 [No. 81]. No. 91.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. D. J. WARDLEY (TREASURY).

[*Answered by No. 94.*]

DEAR WARDLEY, Downing Street, S.W.1, 6th October, 1936.

Will you please refer to your semi-official letter S.24222/2 of the 10th September† about future arrangements at Perim?

As a result of a visit by the Civil Secretary to Perim it has now been found necessary to increase the estimate of initial expenditure by Rs.5,000 and of recurrent expenditure by Rs.2,916. I enclose a copy of a letter‡ from Colonel Lake to the India Office, explaining how these additional items are arrived at. We do not think that we can question these additional items: the local authorities are the only people who can say (especially just at this moment when a new regime is being started) what is necessary.

Will you please let me know whether the Treasury agree to these additions?

Yours, &c.,

K. W. BLAXTER.

Enclosure 1 in No. 78016/36 [No. 82].

No. 92.

THE SECRETARY OF STATE FOR INDIA

to

THE CHIEF COMMISSIONER, ADEN.

TELEGRAM.

(Copy received in Colonial Office, 9th October, 1936.)

2829. 7th October. Addressed Aden, copy by air mail to Government of India. Perim. Please confirm that lump sum payment has been made by Coal Company and state exact amount paid.

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* Enclosure in No. 97. † No. 78. ‡ No. 84.

Enclosure 2 in No. 78016/36 [No. 82].

No. 93.

MR. GRAHAM WALLIS (PERIM COAL COMPANY)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office, 9th October, 1936.)

Cunard House, 88, Leadenhall Street,

DEAR MR. CLAUSON, London, E.C.3, 5th October, 1936.

Many thanks for your letter of the 2nd October*, and for the draft of the Deed of Surrender which I think covers all that is necessary, and I have no comments to make with the exception of the amount to be inserted in Paragraph 2. This, I should have thought, should have been the full amount of Rs.96,000/-, and after all the little Deed is really the accomplishment of the India Office letter, 25th February.

However, as I mentioned to you on the telephone, I am quite prepared to leave it to you to arrange with your Legal Advisers as to what they consider is the correct procedure.

Yours, &c.,

GRAHAM WALLIS.

78016/36 [No. 83].

No. 94.

MR. E. HALE (TREASURY)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

(S. 24222/2.) Treasury Chambers, Whitehall, S.W.1,

DEAR BLAXTER, 12th October, 1936.

In reply to your letter of the 6th October† about future arrangements at Perim, we agree to the proposed additional expenditure at Perim, viz., Rs.5,000 initial and Rs.2,916 recurrent.

Yours, &c.,

E. HALE.

78016/36 [No. 84].

No. 95.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. M. J. CLAUSON (INDIA OFFICE).

MY DEAR CLAUSON, Downing Street, S.W.1, 16th October, 1936.

With reference to India Office letter of the 25th September‡, enclosing a communication from Lake about the future arrangements at Perim, I write to say that the Treasury have agreed to the additional items of expenditure required, amounting in the case of initial expenditure to 5,000 rupees and in the case of recurring expenditure to 2,916 rupees.

Yours, &c.,

K. W. BLAXTER.

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* No. 90. † No. 91. ‡ No. 84.

78016/36 [No. 85].

No. 96.

INDIA OFFICE

to

AIR MINISTRY.

(Copy received in Colonial Office, 19th October, 1936.)

SIR, Whitehall, London, S.W.1, 16th October, 1936.

With reference to the recent discussion, in the Imperial Communications Sub-Committee of the Committee of Imperial Defence, regarding the future maintenance of the cable tank depôt at Perim by Cable and Wireless, Ltd., I am directed by the Secretary of State for India to forward for the information of the Air Council a copy of a letter from the Company in which they raise the question of the periodical conveyance of a civilian engineer between Aden and Perim in the Royal Air Force mail aeroplane.

2. Lord Zetland would be glad to be informed what reply should be sent to Cable and Wireless, Ltd., on this point. His Lordship has no doubt that the Air Council will give sympathetic consideration to the Company's request, in view of the desirability, from the point of view of His Majesty's Government, of facilitating the maintenance of this cable tank depôt by the Company so far as this is possible without extra expense to Government.

I am, &c.,

M. J. CLAUSON.

P.S.—A copy of this letter is being sent to the Colonial Office.

Enclosure in No. 96.

Cable & Wireless, Limited, Electra House,
Victoria Embankment, London, W.C.2,

SIR, 13th October, 1936.

In continuation of my letter of 9th instant I have to make further reference to your letter of 28th September*, relating to this Company's tank depôt at Perim, and to inform you that arrangements for the temporary maintenance of the depôt have been made the subject of correspondence by mail and by telegram between this Office and our Manager at Aden. The skilled labour necessary for handling cable has been retained and I have to state that, as a temporary measure nine natives will be employed for this purpose, consisting of one Driver-in-Charge, two Cable Hands and six coolies.

My Company is pleased to note that facilities in regard to the furnishing of the ordinary elementary needs of life on the island will be extended to these men and that their supervision is a matter which can be arranged between the Acting Chief Commissioner at Aden and our local representative. In this connexion our Manager states that the Government supervision will be only of a minor nature, and that following his interview with the Civil Secretary, it was understood that the payment required from my Company for medical attention and for water would be slight, the probable cost of the latter item approximating 10/- per 100 gallons.

In regard to facilities for periodical inspection of the tanks by one of my Company's Engineers from Aden, our local Manager advises that the Commandant of Police will be flying over to Perim every month for Police inspection, payment, &c., and also that a plane leaves Aden for Perim and Kamaran every alternate Monday carrying mail and returning the following day. The Air Officer Commanding has informed our Aden Manager that regulations prohibit the carrying of civilians in Government aeroplanes, and as this appears to be the only satisfactory means of transport, my Company would esteem it a favour if some modification could be made in the existing regulations whereby our Engineer could accompany the Police Commandant on his monthly visits, or for a passage to be granted once a month in the mail plane. Such an arrangement would greatly facilitate my Company in overcoming the difficulty of periodical inspection of the cable tanks.

I am, &c.,

T. T. DENISON PENDER,
General Manager.

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* No. 89.

78016/36 [No. 88].

No. 97.

INDIA OFFICE

to

COLONIAL OFFICE.

SIR, Whitehall, London, S.W.1, 5th November, 1936.

With reference to Colonial Office letter dated 21st September, 1936*, and connected correspondence regarding the future arrangements at the Island of Perim, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of an indenture executed on the 27th October, 1936, whereby the lease of the Perim Coal Company, Ltd., was terminated in consideration of the payment by the Company of Rs.96,000. A copy of the indenture has been sent to the Government of India and to the Resident and Chief Commissioner at Aden.

I am, &c.,
M. J. CLAUSON.

Enclosure in No. 97.

(STAMP 10s.)

THIS INDENTURE is made the Twenty-seventh day of October, 1936, between THE SECRETARY OF STATE IN COUNCIL OF INDIA (hereinafter called " the Lessor ") of the one part and THE PERIM COAL COMPANY LTD. (hereinafter called " the Company ") of the other part

WHEREAS by an Indenture of lease dated the Twenty-fifth day of April, 1928 made between the parties hereto the land situate in the Island of Perim together with the buildings erections and bandars thereon more particularly described therein and delineated in the plan annexed thereto (hereinafter referred to as " the said premises ") were demised to the Company for the term and at the rent therein mentioned

NOW THIS INDENTURE WITNESSETH as follows:—

(1) THAT the Company doth hereby assign surrender and yield up unto the Lessor the said premises Together with the hereinbefore recited Indenture and all the estate right title and interest of the Company TO HOLD the same unto the Lessor for the residue and remainder now unexpired of the term of sixteen years granted by the said Indenture and for all and other estate and interest of the Company in the said premises to the intent that the said term of sixteen years may merge and be extinguished in the reversion of the Lessor AND the Company doth hereby covenant with the Lessor that the Company has not executed or done or knowingly suffered or been party to any deed or thing whereby or by reason or means whereof the said premises or any part thereof are or may be charged encumbered effected or impeached in title estate or otherwise howsoever

(2) IN consideration of the sum of *Ninety-six thousand Rupees* (*Rs.96,000*) paid by the Company to the Lessor at the Treasury at Aden of which *One thousand two hundred and twenty-nine Rupees eleven annas and eleven pies* (*Rs.1,229. 11 as. 11 p.*) were paid on the First day of February 1936 and the residue namely *Ninety-four thousand seven hundred and seventy Rupees four annas and one pie* (*Rs.94,770. 4 as. 1 p.*) were paid on the Seventh day of October 1936 the Lessor accepts the surrender hereinbefore contained

IN WITNESS whereof SIR REGINALD ISIDORE ROBERT GLANCY, K.C.S.I., K.C.I.E., and SIR ALFRED ALAN LETHBRIDGE PARSONS, K.C.I.E., being two Members of the Council of India have hereunto set their hands and seals and the seal of the Perim Coal Company Ltd. was hereunto affixed the day and year first above written

Signed Sealed and Delivered by the said two Members of Council in the presence of— R. I. R. GLANCY. (L.S.)

A. A. L. PARSONS.

H. S. PAINTER,
India Office.

The Seal of the Perim Coal Company Ltd. was hereunto affixed in the presence of— (SEAL)

GRAHAM WALLIS, *Director.*

F. H. W. WARREN, *Secretary of Hinton Spalding and Company Limited Managers of the Perim Coal Company Limited.*

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* No. 83.

78016/36 [No. 91].

No. 98.

INDIA OFFICE

to

CABLE AND WIRELESS LIMITED.

(Copy received in Colonial Office, 9th December, 1936.)

(Confidential.)

SIR, India Office, Whitehall, S.W.1, 7th December, 1936.

In reply to your letter of the 13th October, reference Mgr./J.L.W./G.W., I am directed by the Secretary of State for India to inform you that he understands the Air Council are prepared to sanction the periodical conveyance by R.A.F. aircraft of the Company's engineer between Aden and Perim.

The Council wish it to be understood, however, that this arrangement is quite exceptional and that the free conveyance of the engineer can only be undertaken on routine flights as and when convenient.

It is understood from the Air Ministry that the Air Officer Commanding, British Forces in Aden, is being informed of the arrangement.

I am, &c.,

M. J. CLAUSON.

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5. KAMARAN QUARANTINE STATION.

Sub-enclosure in No. 78027/36 [No. 5].

No. 99.

THE GOVERNMENT OF INDIA

to

HIS MAJESTY'S CONSUL-GENERAL, BATAVIA.

(Copy received in Colonial Office, 15th July, 1936.)

(No. F.31-12/36-G.)

Department of Education, Health and Lands, Simla.

SIR, 18th June, 1936.

Kamaran Quarantine Station—Medical Superintendent and Deputy Medical Superintendent—Term of Office.

I am directed to say that in pursuance of Article 2 of the Anglo-Dutch Agreement regarding Kamaran, the medical officer appointed by the Government of India and the medical officer appointed by the Government of the Netherlands East Indies have, with effect from the 1st January, 1927, held the position of Medical Superintendent and Deputy Medical Superintendent of the Kamaran Quarantine Station in alternate calender years. This arrangement has, however, proved unsatisfactory because it has involved change in the incumbency of the two posts in the middle of the pilgrim season which, in recent years, has been split into two calendar years. Moreover, the posts of both the medical officers will, with effect from the next pilgrim season, be held on a seasonal basis. With the concurrence of both the medical officers, the Civil Administrator, Kamaran, has, therefore, recommended that in future the medical officers should hold the position of Medical Superintendent and Deputy Medical Superintendent in alternate pilgrim seasons. He has further proposed that, as Dr. Ziesel acted as Medical Superintendent during the latter part of the last pilgrim season, with effect from the 1st January, 1936, the medical officer appointed by the Government of India should be the Medical Superintendent for the pilgrim season of 1936-37, but that in the event of Khan Sahib Dr. Chohan being replaced by another medical officer from India new to the routine of the Quarantine station, the medical officer appointed by the Government of the Netherlands East Indies should, in order to acquaint his new colleague with the work, assume the position of Medical Superintendent for the pilgrim season of 1936-37.

2. The proposals of the Civil Administrator have been supported by the Chief Commissioner, Aden, and the Government of India consider that they are reasonable. They are further of opinion that the proposals do not necessitate any formal amendment of Article 2 of the Anglo-Dutch Agreement, since both the medical officers will continue to be appointed for two years at a time, though in the sense of being engaged for the pilgrim seasons in the two successive years, and hold the position of Medical Superintendent and Deputy Medical Superintendent by rotation in alternate pilgrim seasons. They have, therefore, authorized the adoption of the proposed arrangement with effect from the pilgrim season of 1936-37. I am to request that the Government of the Netherlands East Indies may kindly be informed accordingly.

I have, &c.,

M. S. A. HYDARI,
Joint Secretary.

78027/36 [No. 6]. No. 100.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

(Copy received in Colonial Office, 12th August, 1936.)

[*Answered by No. 101.*]

12th August, 1936.

(P.Z. 5302/36.)

Transfer of Aden. Point 19 of Note enclosed in Sir B. Reilly's demi-official letter of 5th May*. Kamaran.

I should be glad of the Government of India's views on the question whether Kamaran should be transferred with Aden. There appear to be arguments both for and against transfer. For instance,

(1) the administration of Kamaran is at present conducted through the Chief Commissioner and it may be convenient that this system should continue;

(2) His Majesty's Government will in any case be responsible for the Armed Police in Kamaran;

(3) The island is of certain strategic importance to His Majesty's Government. On the other hand,

(4) The quarantine station, which is our only ostensible reason for administering the island, is almost entirely an Indian rather than Imperial interest;

(5) Personnel from India will in any case be needed to a large extent;

(6) International suspicions might conceivably be aroused if control were formally assumed by His Majesty's Government.

His Majesty's Government will have in due course to consider the whole matter in the light of the various Imperial considerations involved. I should however be glad to know in the first place what views, if any, the Government of India wish to express, and whether, in the event of transfer, they are prepared (*a*) to provide, so far as possible, the necessary personnel to serve in Kamaran, (*b*) to undertake any contingent financial liability—e.g., in the event of the quarantine station and/or the administration running at a loss.

J. C. WALTON.

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* No. 145.

78027/36 [No. 7] Enclosure. No. 101.

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT)

to

THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office, 26th November, 1936.)

[*Answered by No. 106*].

EXPRESS LETTER.

(No. F.554-N/36.)

6th November, 1936.

Reference your Express Letter, No. P.Z.5302/36, dated 12th August, 1936*. Transfer of Aden.

2. After careful consideration, the Government of India are prepared to agree to the transfer of Kamaran with Aden, subject to the following conditions:—

(*a*) The pilgrim fees, which form the revenue on which the Quarantine Fund is built up, should not be altered without the consent of the Government of India.

(*b*) The Government of India should be consulted regarding all appointments, and ordinarily the staff of the Directorate should be appointed from India.

(*c*) Sympathetic treatment should be accorded to Indian nationals by the Kamaran authorities.

3. The Government of India see no reason why they should undertake any direct contingent financial liability. Hitherto it has been possible to administer Kamaran by means of contributions from the Kamaran Quarantine Fund without any direct contribution, whether from Imperial or Indian revenues. The Government of India consider that the question of transfer should be proceeded with on the principle that the Island should be self supporting.

4. It is presumed that the Netherlands Government will be consulted in regard to the proposed transfer of the Quarantine Station, Kamaran, to His Majesty's Government, in view of the Anglo-Dutch Agreement of 1926, *vide* correspondence ending with letter from the Government of India in the Education, Health and Lands Department, No. F.31-2/34-G, dated the 12th July, 1935†.

The issue of the above has been authorized.

W. R. HAY,

Deputy Secretary to the Government of India.

The Secretary of State for India,
London.

(Repeated Chief Commissioner, Aden.)

78027/36 [No. 8]. No. 102.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 3.52 p.m., 28th November, 1936.)

TELEGRAM.

No. 30. 28th November. Reference to Government of India's express letter F. 554 N/36 of 6th November‡ to the Secretary of State for India regarding Kamaran. Financial position is that Quarantine Station budget has shown an annual deficit varying from rupees 15,000 to rupees 23,000 since 1931 until the present year when it has been balanced by the Administrator effecting economies and finding new sources of revenue. Quarantine Station fund has been reduced from about 12 lakhs of rupees in 1930 to about 2¾ lakhs now partly by repayment of Government advances partly

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* No. 100. † Enclosure to No. 115 in the Middle East No. 57. ‡ No. 101.

by capital expenditure and partly by meeting annual deficit. Administrator hopes to balance Quarantine budget in normal circumstances but an unclean pilgrimage would entail increase in expenditure but not in revenue and so probably cause deficit. Similar effect may be produced if there is a further serious decline in the number of pilgrims or if fees are further reduced. With regard to civil administration island budget has approximately balanced for several years with the help of annual subsidy of rupees 10,000 from the Quarantine fund and Administrator anticipates it will continue to balance with this assistance. It has a reserve of about ¾ lakh of rupees. I assume that if the Government of India is relieved of contingent financial liabilities of the Island this responsibility will be undertaken by His Majesty's Government and that no liabilities will fall on the Colony of Aden which has no direct interest in the maintenance of the Quarantine Station as Aden pilgrims are so few that local arrangements for their quarantine could be made if necessary. In this connexion I suggest reference to paragraph 8 (2) of Anglo Dutch Agreement*. With regard to other conditions mentioned by the Government of India I consider that the final decision regarding pilgrims' fees should rest with the Government which accepts financial responsibility and that the same principle should apply to the appointment and selection of Director and Directorate staff. Addressed to the Colonial Office repeated to Foreign, New Delhi.

78027/36 [No. 10]. No. 103.

KAMARAN.

COLONIAL OFFICE NOTE ON THE QUESTION OF TRANSFER OF CONTROL FROM GOVERNMENT OF INDIA TO HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM.

(Confidential.)

The Island of Kamaran is principally used as a quarantine station for Moslem pilgrims journeying to the Hejaz from the East. The civil administration of the Island and the administration of the quarantine station are controlled by the Government of India, though under the Anglo-Netherlands Agreement of 1926 the Netherlands Government were given a share in the control of the quarantine station.

2. The administration of the Island being subject to that of Aden, consideration has recently been given to the question whether, in view of the forthcoming transfer of Aden from the control of the Government of India to the control of His Majesty's Government, it would not be desirable at the same time to transfer Kamaran with Aden.

3. For convenience of administration it is essential that the affairs of Kamaran should remain under the general control of the Government of Aden whether the Governor (as he will be after the transfer of Aden) acts in such matters for His Majesty's Government or for the Government of India. The Government of Aden will in any case be responsible for the armed police of the Island.

4. Strategically, it may be said that the preservation of the British connexion with Kamaran is an Imperial rather than a purely Indian interest. The British position in Kamaran is peculiar. The Island was occupied by British forces in 1915 in order to forestall suspected Italian designs upon it. It was also amongst those Islands the title to which was renounced by Turkey in the Treaty of Lausanne, but, like the other Islands similarly renounced, it was never assigned to any of the " parties concerned ". Its present status is that it is " res nullius ", but the civil administration is under British control. The maintenance of the quarantine station is a convenient method of securing that His Majesty's Government should be able to retain a footing in the Island and prevent its occupation by any other Power whether Arabian or European. The admission of the Netherlands Government to a share of the control of the quarantine station was without prejudice to the civil administration remaining in British control. It is of great importance from the naval point of view that this control should be preserved.

5. On the other hand, it is possible that international suspicions might be aroused if control were formally assumed by His Majesty's Government. His Majesty's Government have informed the Italian Government that the sole reason for British

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* C.F. 8955/26 [No. 8].

administration on the Island is to secure the sanitary services in connexion with the pilgrimage, and they have given certain undertakings to Italy of which the effect is that His Majesty's Government would not change the *status quo* without taking the Italians into consultation.

6. It has also been represented in favour of the Government of India retaining control that the quarantine station, which is the only ostensible reason for administering the Island, is very largely an Indian rather than an Imperial interest and that personnel from India will in any case be needed to a large extent.

7. These various points for and against transfer have been put to the Government of India. Copies of the correspondence exchanged and of a telegram from the Resident at Aden are attached*. It will be seen that the Government of India have agreed to the transfer taking place, subject to certain conditions, and on the understanding that they will not be under any contingent liability for the finances of the Island. The financial position is that the quarantine station has shown an annual budget deficit varying from Rs.15,000 to Rs.23,000 since 1931 until the present year, when it has been balanced by the Administration effecting economies and finding new sources of revenue. With regard to the civil administration, the budget has approximately balanced for several years with the help of an annual subsidy of Rs.10,000 from the Quarantine Fund, and it is anticipated that it will continue to balance with this assistance. There is a reserve of about $\frac{3}{4}$ lakh of rupees. The Quarantine Station Fund has been reduced from about 12 lakhs in 1930 to about $2\frac{3}{4}$ lakhs at the present time.

8. A recommendation by the Committee is desired on the following questions:—

(1) Whether in all the circumstances it would be desirable to transfer the control of Kamaran to His Majesty's Government when the transfer of Aden takes place.

(2) Whether in the event of transfer His Majesty's Government should agree to assume all contingent financial liability for the budgets of the quarantine station and of the civil administration.

(3) Whether, if His Majesty's Government agree to assume this liability, they can undertake to do more than consult the Government of India in regard to such matters of administration as the fixing of fees and the appointment of personnel.

Colonial Office,
January, 1937.

78027/37 [No. 1].

No. 104.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 3.22 p.m., 19th January, 1937.)

TELEGRAM.

No. 8. 19th January. Reference to my telegram No. 30 of 28th November†. Shall be glad to learn if any decision has been arrived at regarding the future of Kamaran. Would point out that under Article 9 (*b*) of the Anglo Dutch Agreement there is a liability for payment of 5 per cent compound interest on the fund. Government of Aden cannot afford to assume the liability for this or for any financial liability when the fund is exhausted. The surplus balance of the fund on 31st December, 1936, was just over rupees three lakhs and estimates for 1937 are expenditure rupees 158,101 and receipts (including interest on the surplus balance) rupees 146,350. Addressed to the Colonial Office repeated to Foreign Delhi.

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* Nos. 100, 101 and 102. † No. 102.

78027/37 [No. 3]. No. 105.

COLONIAL OFFICE

to

INDIA OFFICE.

[*Answered by Nos. 107 and 108*].

(Confidential.)

SIR, Downing Street, S.W.1, 8th February, 1937.

I am directed by Mr. Secretary Ormsby Gore to refer to the correspondence between the Secretary of State for India and the Government of India, ending with the Express Letter from the Government of India No. F554.N/36, of the 6th of November, 1936*, on the subject of the administration of Kamaran.

This question was discussed by the Standing Official Sub-Committee for questions concerning the Middle East on the 1st February. It was considered that it would be very undesirable in present circumstances to make any outward change in the administration of the Island of Kamaran or of the Quarantine Station, which would be likely to draw the attention of foreign governments to the position.

In these circumstances Mr. Ormsby Gore would suggest that, if the Marquess of Zetland has no objection, the Government of India should be invited to continue the present arrangements for the administration of the Island and the Quarantine Station notwithstanding the separation of Aden from India. Mr. Ormsby Gore would have no objection to an arrangement under which the Governor of Aden would remain responsible for the general supervision of the administration of Kamaran, and for this purpose would correspond direct with the Government of India.

There remains the question of the contingent financial liability on the Government of India. It is anticipated that in normal circumstances the civil administration and the Quarantine Station will be jointly self-supporting, and as there exists a material reserve fund there seems no immediate probability of the Government of India being called upon to meet any deficit. If such a contingency should arise, it is suggested that the matter should be discussed further with His Majesty's Government.

The Government of India is apparently further liable, under the Anglo-Dutch Agreement regarding Kamaran, to pay compound interest at the rate of 5 per cent on the surplus balance of the Quarantine Station Fund. The nett liability on this account is not large, and I am to suggest that, in view of the interest of the Government of India in the maintenance of the Quarantine Station, this charge should continue to be met by that Government. It would be perhaps open to the Government of India, subject to the concurrence of the Secretary of State for Foreign Affairs, to take a suitable opportunity to approach the Netherlands Government with a proposal for the revision of clause 9 (*b*) of the Agreement with a view to the reduction of the rate of interest to a rate more consonant with present financial conditions.

I am, &c.,

H. R. COWELL.

78027/37 [No. 10] Enclosure. No. 106.

INDIA OFFICE

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office, 23rd February, 1937.)

(Secret Air Mail.)

SIR, India Office, S.W.1, 22nd February, 1937.

With reference to the Government of India Express Letter of the 6th November, No. F.554-N/36†, and connected correspondence, I am directed by the Secretary of State to forward for the information of the Government of India a copy of a letter‡ from the Colonial Office regarding the administration of Kamaran after the transfer of Aden to His Majesty's Government.

2. In the light of the Express Letter under reference, the Secretary of State trusts that the Government of India will have no objection to the continuance of the present

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* No. 101. † No. 101. ‡ No. 105.

arrangements as suggested by the Colonial Office, particularly as the points raised in paragraph 2 of that letter (which His Majesty's Government might have found it difficult to meet in the event of transfer) will continue to be adequately safeguarded, and no new commitments are expected to fall upon Indian revenues. He would be glad to receive confirmation on this point as soon as possible, and to be furnished in due course with the observations of the Government of India on the suggestion made at the end of the last paragraph of the Colonial Office letter regarding a revision of Clause 9 (*b*) of the Anglo-Dutch Agreement.

3. Any detailed changes of procedure necessitated by the transfer of Aden will no doubt be arranged in due course between the Government of India and Government of Aden.

4. A copy of this letter is being sent to the Chief Commissioner at Aden.

I am, &c.,

J. G. WALTON.

78027/37 [No. 50].

No. 107.

INDIA OFFICE
to
COLONIAL OFFICE.

[*Answered by No. 110*].

(Confidential.)

SIR, India Office, S.W.1, 19th January, 1938.

With reference to your letter dated the 8th February, 1937*, regarding the administration of the Island of Kamaran, I am directed to forward for the information of the Secretary of State for the Colonies, copy of a letter† from the Government of India. In the letter under reference it was stated that Mr. Ormsby Gore would have no objection to the Governor of Aden remaining responsible for the general supervision of the administration of Kamaran, and Lord Zetland therefore trusts that he will concur in the delegation of the powers relating to all matters affecting the staff of the Civil Administration and the Quarantine Station to the Government of Aden. If he concurs, Lord Zetland would be glad if the Government of Aden might be informed accordingly.

I am, &c.,

R. T. PEEL.

78027/37 [No. 54].

No. 108.

INDIA OFFICE
to
COLONIAL OFFICE.

SIR, India Office, S.W.1, 2nd March, 1938.

With reference to Mr. Cowell's letter of the 8th February, 1937‡, and connected correspondence relating to the future of the Kamaran Quarantine Station, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of a letter from the Government of India. It will be seen from this letter, read in conjunction with their letter of the 20th May, 1937§, No. F. 554-N/36 (a copy of which is understood to have been received by you from the Aden Government), that the Government of India are prepared to continue the existing arrangements for the administration of the Quarantine Station. They have decided, however, to reduce the per capita pilgrim fee levied at Kamaran from Rs.8 to Rs.3, and are prepared to defray the resultant deficit in the Kamaran budget wholly from Indian revenues unless the Government of the Netherlands East Indies, whom they have approached, are prepared to share the liability.

2. A copy of this letter and of the earlier connected correspondence is being sent to the Foreign Office.

I am, &c.,

J. P. GIBSON.

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* No. 105. † Not printed. ‡ No. 105. § 78027/37 [No. 31]: not printed.

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Enclosure in No. 108.

(Secret.)

Government of India, Department of Education, Health and Lands,
New Delhi, the 24th January, 1938.

From

M. S. A. Hydari, Esquire, C.I.E., I.C.S.,
Joint Secretary to the Government of India.

To

His Majesty's Under Secretary of State for India, India Office, London.

Kamaran Quarantine Station. Future administration.

SIR,

I am directed to refer to India Office, Political Department, letter No. P.Z. 5539/37, dated the 15th September, 1937, and to say that while the Government of India do not concur in the views of His Excellency the Governor of Aden expressed in letter No. C/735, dated the 26th June, 1937, they so far appreciate the considerations urged in paragraph 2 of Colonial Office letter No. 78027/37, dated the 8th February, 1937, that they have decided to drop the question of closing Kamaran as a Quarantine Station. Notwithstanding this, however, it has been deemed necessary in deference to Muslim public opinion to reduce with effect from the pilgrim season 1938–39 the per capita pilgrim fee levied at Kamaran from Rs.8/- to Rs.3/-. The deficit in the Kamaran budget that the reduction will entail will be met from Indian revenues.

As His Majesty's Government are aware this decision will involve a reference to the Government of the Netherlands East Indies. To avoid an undesirable impression that the Government of India is acting in an unusual manner, however, it is proposed to suggest in the normal way to the Government of the Netherlands East Indies that, in view of the pressure of Muslim opinion, which doubtless they too experience, a reduction in the fee be made and the resultant liability shared equally with the Government of India. An affirmative reply accepting a share of the liability would naturally be appreciated but if the reply is in the negative the Government of India propose to accept the whole liability and inform the Government of Netherlands East Indies accordingly.

A copy of this Government's letter to His Britannic Majesty's Consul-General at Batavia is enclosed.

I have, &c.,
M. S. A. HYDARI,
Joint Secretary.

(Confidential.)

Government of India, Department of Education, Health and Lands,
New Delhi, the 24th January, 1938.

From

M. S. A. Hydari, Esquire, C.I.E., I.C.S.,
Joint Secretary to the Government of India.

To

His Britannic Majesty's Consul-General, Batavia.

SIR,

I am directed to refer to the question of the levy at Kamaran Quarantine Station of the per capita fee of Rs.8/- on all pilgrims proceeding by the sea route to the Hedjaz. For some time past the Government of India have been continuously pressed by Muslim opinion in this country either to abolish this fee altogether or at least considerably to reduce it. Hitherto various considerations have permitted the successful postponement of the issue agitated, but in the opinion of the Government of India the time has come when a decision can be deferred no longer. They have, therefore, under serious consideration a proposal to reduce with effect from the pilgrim season of 1938–39 the

fee in question from Rs.8/- to Rs.3/-. Doubtless the Government of the Netherlands East Indies have experienced a similar pressure and will readily understand the necessity for the step the Government of India desire to take. It will be appreciated, however, that the proposed reduction will entail a corresponding deficit in the Kamaran budget, but it is hoped that if the Government of the Netherlands East Indies view with favour the proposed reduction they will be willing to share equally with the Government of India the resultant financial liability. This liability would naturally vary with the magnitude of the pilgrimage but on a computation from available statistics it is not likely to exceed Rs.1 lakh in any one year. In a good pilgrimage year with its correspondingly high realization of fees it would be considerably less.

I am to request that the Government of the Netherlands East Indies be approached and their views forwarded to the Government of India by the earliest date possible.

I have, &c.,

M. S. A. HYDARI,

Joint Secretary.

78027/37 [No. 51]. No. 109.

THE SECRETARY OF STATE

to

THE GOVERNOR.

[*Answered by 78027/38 [No. 8]: not printed*].

(No. 79.)

SIR, Downing Street, 7th March, 1938.

I have the honour to refer to previous correspondence regarding the administration of Kamaran Island, and to transmit to you a copy of a letter* from the India Office.

2. Unless you see any objection, I propose to concur in the delegation by the Government of India to the Governor of Aden of the powers relating to the staff of the Civil Administration and the Quarantine Station at Kamaran, and to inform the Secretary of State for India that the necessary instructions have been conveyed to you.

I have, &c.,

W. ORMSBY GORE.

78027/38 [No. 10]. No. 110.

COLONIAL OFFICE

to

INDIA OFFICE.

SIR, Downing Street, S.W.1, 7th May, 1938.

With reference to your letter of the 19th January†, regarding the administration of Kamaran Island, I am directed by Mr. Secretary Ormsby Gore to inform you that he concurs in the delegation to the Governor of Aden of the powers relating to the staff of the Civil Administration and the Quarantine Station at Kamaran, and that the necessary instructions have been conveyed to the Governor.

I am, &c.,

H. R. COWELL.

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* No. 107. † No. 107.

6. SLAVERY

79080/36 [No. 3]. No. 111.

MR. H. R. COWELL (COLONIAL OFFICE)
to
LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT).

[*Answered by No. 115*].

MY DEAR REILLY, Downing Street, S.W.1, 9th January, 1936.

Will you please refer to Lake's despatch No. 257 of the 19th August, 1935*, enclosing a summary of a report by the British Political Clerk at Hodeida on the subject of slavery in the Yemen?

The information contained in Salih Jafar's report is most interesting and the Foreign Office, with our consent, passed it on to Sir George Maxwell for his personal and confidential information. Sir George has now expressed the desire for some further information and he has submitted a questionnaire which he suggests might be sent to Salih Jafar for replies. I enclose a copy of his letter and of the questionnaire†. We must leave it to your discretion to decide to what extent Salih Jafar can usefully be asked to report on these questions, to some of which you may be able to supply answers yourself. Subject to this proviso, if you see no objection, we should be grateful if the questionnaire could be sent to him with a request for any information on questions 4-17 which he may feel able to supply. The first three questions we could deal with here, but perhaps for the sake of convenience and completeness, you would supply the answers. We realize, of course, that owing to the difficulty of penetrating into the Yemen it may be impossible with the best will in the world to answer some of the questions, but any help which Salih Jafar can give us in the matter will be greatly appreciated.

Some of the points raised by Sir George Maxwell will no doubt be covered in the report for which we asked in our despatch No. 211 of the 24th October last‡, but answers to the questionnaire would no doubt prove a useful supplement to the official report.

Yours, &c.,
H. R. COWELL.

79080/36 [No. 4]. No. 112.

THE RESIDENT
to
THE SECRETARY OF STATE.

(Received 20th January, 1936.)

[*Answered by No. 119*].

(No. 3.)

SIR, The Residency, Aden, 8th January, 1936.

I have the honour to refer to your predecessor's despatch No. 211 of 24th October§ regarding slavery and the slave trade in the Kingdom of Yemen and the Aden Protectorate.

2. I enclose a copy of a Memorandum prepared by Mr. Ingrams which summarizes the position regarding slavery and the slave trade in the Protectorate as far as it is known, and as far as the points raised in the report of the Committee of Experts are concerned. It has not yet been possible to compile a similar Memorandum on the Yemen but enquiries are in train and it may be possible to forward a Memorandum covering that country at a future date.

3. I see no objection to addressing an invitation to the King of the Yemen to adhere to the Slavery Convention. What form such an invitation should take and whether it should be addressed to the King through His Majesty's Government or by the League of Nations, as seems to be contemplated in Article XI of the Convention, will no doubt be decided by you in due course. If the invitation is to be sent through His Majesty's Government I should be averse to it being accompanied by any pressure,

* No. 100 in Middle East No. 57. † Not printed. ‡ No. 102 in Middle East No. 57.
§ No. 102 in Middle East No. 57.

not only because this would be contrary to the spirit of Article I of the Treaty of Sana'a, but also because I believe that pressure would result in driving the Imam further away from adherence.

4. I suggest that in sending the invitation to him a copy of the Convention with an Arabic translation might be forwarded and his attention drawn to the number of Governments which have adhered to it, with special mention of any Moslem or neighbouring Government. I do not appear to have been informed of any accessions to the Convention subsequent to the date of its signing, but of the original signatories Abyssinia and Persia might be mentioned, though the former example may well raise a smile on the Imamic countenance. The invitation might go on to remind His Majesty of the declaration of his policy regarding the suppression of slave trade embodied in the notes exchanged at the time of the signing of the Treaty.

5. As regards the Protectorate I agree that some forward move towards achieving the ends of the Convention should be taken. You have, however, realized that total abolition of slavery in an unadministered region such as the Protectorate is fraught with difficulties and cannot be achieved in a short time. It is, none the less, anomalous that a country designated a British Protectorate should not gradually take steps to come into line with world opinion in such a matter, particularly when other backward but independent States are being induced to conform.

6. I see no real difficulty in a formal prohibition of the importation of fresh slaves throughout the Protectorate. Such an end could no doubt be achieved by the negotiation of separate agreements with all the chiefs. The trade is almost non-existent, but it would clearly be satisfactory that its formal prohibition should be placed on a legal basis.

7. If you agree with this view I should be glad to receive a draft agreement, and I should propose to negotiate agreements separately with each of the chiefs as opportunity offered. I should begin by securing the signature of His Highness the Sultan of Lahej and then that of His Highness the Sultan of Shihr and Mukalla. I think there would be no difficulty in negotiating these instruments with these two chiefs and with certain of the less important but more amenable chiefs such as the Fadhli Sultan, the Amir of Dhala, the Haushabi Sultan, and the 'Aqrabi Sheikh. Having secured these agreements I should proceed to negotiation with the more distant and sometimes less accommodating Chiefs of the Protectorate such as those of Yafa', the 'Aulaqi Chiefs, the 'Audhali Sultan and the Sultan of Soqotra and Qishn.

8. The abolition of the institution of slavery presents a much more difficult problem in a country where it is a part of the social system and in which the only law is the Sharia law which permits it. This applies particularly to the eastern part of the Protectorate, in which slavery is most rife, and in my opinion the process of liberation can only be gradual. I am inclined in the first place to aim at an arrangement whereby slaves who ask for their freedom should be liberated, and at a further arrangement to prevent the sale of slaves at fairs. It is probable that this trade is confined to the Hadhramaut, or at any rate to the eastern part of the Protectorate. It has certainly been unknown for a long period in the districts nearer Aden, but the selling of slaves with cattle and camels at these fairs is a custom that is peculiarly abhorrent to modern European ideas, and with the opening up of the Hadhramaut I think it is one that should disappear.

9. Mr. Ingrams has consulted with the Sultan of Lahej regarding the best methods of achieving these objects. His Highness has long shown an appreciation of the necessity of bowing to British public opinion in the gradual abolition of slavery, and his advice as to the method of procedure is probably sound. He points out that the great difficulty in these matters lies not with the chiefs concerned, who are for the most part loyal and amenable to persuasion or pressure, but with the general public and in particular the 'Ulemas and the Seiyids. A chief would find it difficult to promulgate edicts directed towards the abolition of slavery on his own initiative. By doing so he would place himself in a position of danger from the classes referred to for they could claim that such action was illegal and *ultra vires vis à vis* the Sheria. He suggested, therefore, that the ends should be effected by order from the British Government. With an order behind him a chief is often in a position to carry out an unpopular move because he can escape the odium of being himself the author of the order, and can bring pressure to bear to see that it is carried out by being able to plead to his people that it is the Government who are putting the pressure on him.

10. It is possible, therefore, that procedure by Government order might be most suitable and efficacious in the western part of the Protectorate, but this may not be

so in the eastern portion of it, and a ruler such as the Sultan of Mukalla might well resent an arbitrary interference with the internal social structure of his State. This resentment might be felt even more keenly in the remote Hadhramaut. I consider it advisable to discuss the problem with the Mukalla authorities before submitting a definite recommendation to you, and I propose to take early steps to arrange for a Political Officer to visit Mukalla for this purpose. The need for devising a method of gradual abolition of slavery will then be urged, and at the same time the co-operation of the Qu'aiti and if possible of the Kathiri Governments, will be sought in considering the best means of initiating the process without further delay.

11. I should prefer, if it is feasible, to adopt a uniform policy on this question throughout the Protectorate, rather than to pursue different methods in the western and eastern portions of it, although, owing to the divergent conditions existing in them, the latter course may prove to be unavoidable.

I propose, therefore, to address you further on this subject after the discussions to which I have referred have taken place.

I have, &c.,

B. R. REILLY,

Resident, &c.

Enclosure in No. 112.

MEMORANDUM BY MR. W. H. INGRAMS ON SLAVERY AND THE SLAVE TRADE IN THE ADEN PROTECTORATE.

In this Memorandum I propose to summarize as far as possible the scanty material available regarding the slave trade and slavery in the Aden Protectorate, in so far as it bears on the questions asked or implied in the relevant paragraphs of the report of the Committee of Experts. I have not dealt with the Yemen situation.

2. *Slave Trade.*—It may be said at once that cases of the importation of fresh slaves into the Protectorate are probably of the utmost rarity. It is true that unconfirmed reports are sometimes received of the occurrence of an imported slave, for instance there was the case in which a woman was said to have been imported into the Subehi country and sold from there to Lahej. Although it was not possible to trace her present owner it is probable enough that the incident took place, as the Subehi Sheikh concerned told me she had been sold but that there was nothing wrong about it as she was genuinely the property of the vendor.

A few cases of importation of slaves may occur in the Hadhramaut. On my visit to that part of the Protectorate I found a man of the Angoni tribe in the Sultan's artillery. He spoke Swahili but I gathered that he had been in the country for some time. He said he was perfectly contented and did not wish to go home.

In Murbat, which of course is outside the strict scope of this note, I found many slaves, particularly women, who spoke Swahili. One of them stated that she had been enticed on board a dhow at Mombasa and brought thence to Murbat and sold. This was some years ago and I merely mention these cases to show that it is quite possible that there are sporadic cases like this to the present day.

I heard stories of cases of this nature happening when I was in Zanzibar and I have failed to see how it can really be stopped entirely. Dhows may sign on an extra member of the crew, or there may even occur cases in which a man deliberately sells himself into slavery.

Apart from this there may be occasional cases of importation of women into the Hadhramaut as concubines, and in order to be a lawful concubine a woman must be a slave. Several of the wealthy inhabitants of the Hadhramaut who have dealings with the East Indies have Chinese and Javanese women in their harems. Lee Warner says:—

> "The lowest class (in the Hadhramaut), that of the slaves, is—so repute has it—on the whole very well treated. The exceptions might be the young Chinese girls who are still brought into the country as occasion offers and when the opportunity occurs to escape the precautions of the authorities at the ports of export. Such girls are 'converted' to Islam, and in all probability never leave the wadi again." (Geographical Journal, Vol. LXXVII, No. 3, p. 219.)

3. As is stated in paragraph 29 of the 1932 report, treaties for the prevention of the slave trade have been concluded with the Lower 'Aulaqi Sultan and the Naqibs of Mukalla and Shihr. The Sultan of Shihr and Mukalla is the successor to the two latter, but it has been pointed out that these treaties are virtually dead letter.

Apart from these there are no other actual treaties for the suppression of the slave trade in the Protectorate though the Sultan of Lahej has forbidden the trade, and stated that anyone indulging in it would be punished and the slaves confiscated sent to Aden. I have no doubt that the Sultans of Lahej and Mukalla would certainly conclude treaties for the suppression of the trade if they were asked to, and through their influence it would probably be possible to get the other chiefs to do the same. It is true that there would not be a great deal of practical purpose in such treaties because, as I say, the trade is probably negligible; nevertheless it would put the matter on a legal basis, and would be analogous to the action taken a few years ago in Africa enacting ordinances stating that the legal status of slavery did not exist, even in dependencies where there had long since ceased to be slaves.

There is another point in favour of such treaties, and that is that since we have been pressing on other parts of Arabia the abolition of the slave trade, and are considering inducing the independent states of Arabia to adhere to the Slavery Convention, it would be more satisfactory to have things in proper order in our own Protectorate first.

I think this answers the questions raised in paragraphs 34, 35, 37 in so far as they concern the Protectorate.

4. *Slavery and Legal Status of Slavery.*—In paragraphs 14 and 18 of their report the Committee of Experts note and regret that the legal status of slavery subsists in certain countries, and that no measures appear to have been taken with a view to its abolition. Although the Sultanate of Hadhramaut is the only one of the Protectorate mentioned, the legal status of slavery exists throughout the Protectorate, as it does in any Islamic country where the Sheria is the law of the land, and where the institution has not been declared illegal. In parts of the Protectorate, however, there are no slaves at all. The tribes or states which have no slaves are the following:—Quteibi, Sultanate of Upper Yafa', Mausatta, Dhubi, Maflahi, Hadhrami, and Saqladi.

In the rest of the Protectorate there is a minimum of from 4,000 to 5,000 persons in a state of slavery. It is considered likely that the actual number is from 50 to 100 per cent higher. By far the greater number of these are in the eastern part of the Protectorate where there is a minimum of about 3,000.

In the following territories the slaves are soldiers, domestic servants, and cultivators. The numbers in brackets signify the estimated minimum:—Haushabi (40), Alawi (4), Fadhli, particularly Abyan (150), Ahl Hasana (5), Ahl Dathina (30), Ahl Audhilla (30), Lower Yafa' (140), Upper 'Aulaqi Sultan (200), Upper 'Aulaqi Sheikh (120), Lower 'Aulaqi Sultan (130), Sharif of Beihan and Masabi (300), Bir 'Ali Sultan (10), 'Irqa (5). In the other cases they are mostly soldiers.

In the country of the Ahl 'Abdul Wahid, including Azzan, Habban, and al Hauta Balihaf, there are some 400 slaves; Haura has 5. In the Hadhramaut there are the following minimum figures which can almost certainly be doubled:—Qu'aiti (1,000), Kathiri (400), Bin 'Abdat of al Ghurfa (350), Tarim and remaining towns of the Hadhramaut wadi about 1,000.

Apart from the Hadhramaut there are slaves available for sale in Lower Yafa' and in the Ahl 'Abdul Wahid country. I have also heard of a case of the selling of a slave in the Fadhli country and no doubt it will occur rarely in other places. In the Hadhramaut slaves are sold at the fairs which take place at the tombs of various saints, together with camels and other beasts.

The Qu'aiti Sultan himself owns about 800 slaves who are extremely well treated and the most favoured and trusted of his soldiers. Their children are specially trained in a cadet corps and are very well looked after. Further details on this subject appear in my Hadhramaut reports.

In Lahej there are said to be from 250 to 300 slaves but the actual number is probably far less than this, for the Sultan has freed the greater number of them, and although they are still referred to as slaves they are in reality entirely free. I have been told that the actual number of genuine slaves in Lahej is probably no more than 100.

5. In paragraph 38 the Committee asks for official information regarding the situation of slaves in the Peninsula of Arabia. It is well known that as a general rule the slave is extremely well treated and very often a very spoilt member of his owner's family. The slaves do not rank as the lowest class in the community. In the western

part of the Protectorate the Hijris are lower, and in the Hadhramaut the same people, known as Subians, occupy the lowly but necessary rank of scavengers.

It is historically well known that slaves in the east have risen to the highest positions in the state and usually form the most trusted section of a ruler's population. There are examples of this in the Hadhramaut to-day where not only does the Sultan depend for his strength to a large extent on his slave soldiers but also relies on them to such an extent that one has become Governor of the Shibam Province, another is town magistrate of Mukalla and the sub-Governor of Hajarein is a slave.

The Sultan of Mukalla has long expressed his desire to free his slaves as their liberation would relieve him of a considerable expense of housing and feeding them. In fact the slave soldiers cost the Sultan a great deal more than the free men. This is also the case in Lahej where I am told a tribesman soldier receives 4½ annas a day and a slave 7½.

Apart from the fact that the slave is usually well treated and fed he has another great advantage in that he cannot be made the subject of a blood feud, and is therefore less likely to meet sudden death on the highways than is a tribesman. At the same time he is no doubt subject to worse penalties than a tribesman, as witness the recent case of the torturing of three slaves in Lahej, and the threatened burning of a slave boy about twelve years old in Haushabi country, which was only averted by the presence on the spot of a Political Officer.

W. H. INGRAMS,
Acting Political Secretary, Aden.

79080/36 [No. 5]. No. 113.

MR. K. W. BLAXTER (COLONIAL OFFICE)
to
MR. T. V. BRENAN (FOREIGN OFFICE).

DEAR BRENAN, Downing Street, S.W.1, 12th February, 1936.

Will you please refer to our letter of the 18th December* enclosing a copy of our despatch to the Resident at Aden† regarding the report of the League of Nations Advisory Committee of Experts on slavery?

The Resident has now sent us a reply containing information about the Protectorate and has expressed the hope that he may be able to send us a report on the Yemen at a future date. The information about the Protectorate will be included in the general Colonial Office memorandum which will be sent to the Foreign Office by our General Department.

We will let you have a copy of any further despatch from the Resident about the Yemen as soon as it arrives, and also a copy of the reply to Sir George Maxwell's questionnaire (see my letter to Ward of the 8th January‡), but it may well be that nothing further about the Yemen will be received in time for use in connexion with the next meeting of the Committee of Experts. A certain amount of information is, however, contained in the report by Salih Jafar (the Political Clerk at Hodeida) a copy of which was communicated to Sir George Maxwell for his personal and confidential information (see Ward's letter to me No. E.7388/280/91 of the 2nd January§). The Foreign Office will no doubt consider whether the information furnished by Salih Jafar, and any part of it, should be used in His Majesty's Government's coming report to the Committee of Experts.

We presume that the Foreign Office are satisfied that His Majesty's Government should be the medium for transmitting information regarding slavery in the Yemen to the Committee of Experts. It must not be overlooked that the King of the Yemen may resent the assumption of such a rôle by His Majesty's Government, more especially since the latter recognized the independence of the Yemen in the Treaty of 1934, and his resentment would react upon our Political Staff at Aden. On the other hand, His Majesty's Government have always taken a prominent part in matters connected with the suppression of slavery and have not hesitated to take a strong line on this subject in dealing with another independent State, viz., Saudi Arabia.

At the end of paragraph 9 of the Committee's report of last year the suggestion was made that an invitation to the Government of the Yemen to adhere to the Slavery

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* 79080/35 [No. 49]: not printed.
† No. 102 in Middle East No. 57.
‡ 79080/36 [No. 2]: not printed.
§ 79080/36 [No. 1]: not printed.

Convention might be considered. As a result of this suggestion, the Council of the League adopted a resolution definitely requesting the Secretary General of the League to communicate the text of the Slavery Convention to the Government of the Yemen with a view to its accession. (See paragraph 7 (*d*) on page 10 of the minutes enclosed with Foreign Office letter to the Colonial Office of the 29th June, 1935*). We presume that the Secretary General has acted upon this resolution, and if so, that the result of the representations to the King of the Yemen will be reported to the Committee of Experts at its forthcoming meeting. If it is eventually thought desirable that any action in this respect should be taken by the Resident at Aden, you will no doubt let us know.

You will see that in our despatch of the 24th October last we asked the Resident for his observations regarding the suggested invitation to the King of the Yemen to accede to the Slavery Convention. In the despatch recently received, the Resident has called attention to the doubt regarding the channel of communication with the King, i.e., whether the invitation should issue through His Majesty's Government or direct from the League, and he has offered certain comments on procedure, if the invitation should be addressed to the King through the Residency at Aden. In the first place, he deprecates the use of any pressure, not only because this would be contrary to the spirit of Article 1 of the Treaty of Sana'a of 1934, but also because it is his belief that pressure would result in driving the King further away from adherence. He goes on to suggest that in sending the invitation to the King a copy of the Convention with an Arabic translation might be forwarded and the King's attention drawn to the number of Governments which have adhered to it, with special mention of any Moslem or neighbouring Governments. He also suggests that the invitation might remind the King of the declaration of his policy regarding the suppression of the slave trade embodied in the Notes exchanged at the time of the signing of the Treaty of Sana'a.

We assume that for the moment all requisite action has been taken by the Secretary General of the League, but if later on it is desired that the Resident should communicate with the King regarding adherence to the Slavery Convention, the Resident's comments will have to be borne in mind.

I am sending a copy of this letter and some previous correspondence to the India Office for information, as, in view of the similar questions in the Persian Gulf, they are, I think, interested generally in any action taken in the Aden Protectorate area.

Yours, &c.,

K. W. BLAXTER.

79080/36 [No. 8].

No. 114.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 18th February, 1936.)

(No. 55.)

SIR, The Residency, Aden, 3rd February, 1936.

I have the honour to refer to paragraph 9 of my despatch No. 3 of the 8th January, 1936†, regarding slavery and the slave trade in the Aden Protectorate, and to enclose for your information a translation of the proclamation dated the 7th March, 1935, issued by His Highness the Sultan of Lahej prohibiting foreign slave trade in his territory.

I have, &c.,

B. R. REILLY,

Resident, &c.

Enclosure in No. 114.

PROCLAMATION BY HIS HIGHNESS THE SULTAN OF LAHEJ.

Be it known to all inhabitants of Lahej and every comer to it from outside that the importation of slaves from the sea and their sale and purchase is prohibited.

2. Whoever disobeys this will render himself liable to punishment. The slaves imported will be confiscated and he will be held responsible for their repatriation expenses.

2nd Al Hijja, 1353 (7th March, 1935).

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* 79080/35 [No. 30]: not printed. † No. 112.

79080/36 [No. 17]. No. 115.

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT)

to

MR. H. R. COWELL (COLONIAL OFFICE).

(Received 17th March, 1936.)

MY DEAR COWELL, The Residency, Aden, 28th February, 1936.

Will you please refer to your letter of the 9th January, 1936*, enclosing a copy of a letter from Sir George Maxwell and a questionnaire to which he desired replies from Mr. Salih Jafar?

The questionnaire has been sent to Salih Jafar, and I enclose a copy of his replies to it, which I hope will be of use. He states that he has arrived at this information from enquiries made from various sources and from old people who have long experience and knowledge of conditions relating to slavery in the Yemen.

Yours, &c.,

B. R. REILLY.

Enclosure in No. 115.

REPLIES TO THE QUESTIONNAIRE RELATING TO THE SYSTEM OF SLAVERY IN THE YEMEN.

1. The estimated area of the Kingdom of Yemen is approximately 70,000 square miles.

2. The estimated population of the Yemen is approximately 2 to 3 millions, of whom the great majority are Moslems, though there is a considerable number of Jews. In the interior most of the Moslems are Zeidis (a sect of the Shiahs) and in the coastal area they are Shafeis (a sect of the Sunnis).

3. The principal industry of the Yemen is agriculture, and minor industries are dyeing cloths and manufacturing country cloths.

4. The total number of people of the slave class in the Yemen is approximately 4,500 (about 90 per cent in Tihama, and about 10 per cent in the mountains). Of these only about 50 to 60 per cent are now in a legal state of slavery.

5. The above-mentioned slaves are as under:—

(*a*) About 1,500 Africans.
(*b*) ,, 2,900 Africans born in the Yemen.
(*c*) ,, 100 mixed African and Arab blood.
(*d*) ,, 2 Caucasians (Shurkus), liberated. One was the wife of the large Sheraey Pasha, who is now the wife of Raghib Bey, and the other one is the wife of the late Taher Ragab.

6. There are no slaves in the Yemen of pure Arab nationality.

7. The African slaves are chiefly Mohammedans, but some of the imported ones are pagans and Christians, but the latter are immediately converted to Islam.

8. Out of the above number of slaves, it is estimated that about 30 per cent have been imported from Africa and about 70 per cent were born in the Yemen.

9. Most of the slaves are employed in agriculture, some are employed as soldiers, some as herdsmen of cattle, some as porters and labourers, a few as fishermen, and a few as merchants and in charge of their masters' houses.

I cannot give the exact number of each class.

10. There is no law or proclamation to prohibit the importation of slaves by sea into the Yemen, although the Yemeni Government informs foreign Governments that it does not allow such import into the Yemen. Transactions in slave trading are carried out privately.

11. There was once a traffic in slaves between the Yemen and the Aden Protectorate, but I do not think that any slaves are sent from the Yemen to the Protectorate now as too high a price is demanded for them.

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* No. 111.

12. Slaves are sent from the Yemen into Sa'udi Arabia by land, not as slaves, but disguised as servants, travellers, or pilgrims, and in such form they cannot be supervised and controlled at the frontiers.

13. The system of Ataq (Liberation) is practised in the Yemen, but not much in the last few years, owing to the scarcity of import of slaves and the great increase in their value.

14. If any slave is liberated by his master, the master has to give his liberated slave a present of money, etc., according to the wish and ability of the master, and some of these liberated slaves prefer to remain in the service of their former master or master's sons.

15. In some cases, the master of a slave or slaves makes a will liberating his slaves after his death, and this has to be carried out.

16. I have made enquiries about Mazuns (privileged slaves) but cannot trace any. I do not think that this system is in force in the Yemen.

17. Some of the concubines, domestic servants, soldiers, etc., are well treated and are contented with their lot, and some are not. If any such are liberated by their masters, they can work as labourers, servants, agriculturists, etc. etc.

18. Of other slaves, some are well treated and contented and some are not. Some are with kind and generous masters and some with cruel or poor ones.

If they are liberated they can work and earn a living according to their class and profession.

19. If the master of a female slave uses her as a concubine and she becomes pregnant, she is considered to be free from the time of her pregnancy, and the son is considered to be a legal son and to have the right to inherit his father's property, but the mother has no share in the inheritance unless she is legally her master's wife in accordance with the Sheria Law.

20. It should be noted that the number of slaves mentioned in paragraphs 4, 5, 8 and 9 includes liberated slaves, or if it is desired to arrive at the net number of owned slaves, from 55 to 60 per cent should be deducted.

79080/36 [No. 18]. No. 116.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. T. V. BRENAN (FOREIGN OFFICE).

[*Answered by No. 117*].

MY DEAR BRENAN, Downing Street, S.W.1, 19th March, 1936.

With reference to my letter of the 12th February* about slavery in the Yemen, I enclose a copy of a letter† from Sir Bernard Reilly returning Sir George Maxwell's questionnaire which has been completed by Salih Jafar. Ward sent us a copy of the questionnaire with his letter of the 2nd January‡.

You will, no doubt, arrange for a copy of Salih Jafar's reply to be sent to Sir George Maxwell for his personal and confidential information. We presume you will also consider what use, if any, should be made of this fresh information about slavery in the Yemen in connexion with the memorandum for the Committee of Experts. We ourselves feel that caution will be needed in making use of the information supplied by Salih Jafar. If the King of the Yemen comes to hear that Salih Jafar is supplying information to His Majesty's Government which is being used to cast reflections upon him and his institutions, we might be asked to withdraw Salih Jafar from Hodeida.

Yours, &c.,

K. W. BLAXTER.

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* No. 113. † No. 115. ‡ 79080/36 [No. 1]: not printed.

79080/36 [No. 23]. No. 117.

MR. T. V. BRENAN (FOREIGN OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

DEAR BLAXTER, Foreign Office, S.W.1, 1st April, 1936.

Many thanks for your letter of 19th March* enclosing Salih Jafar's replies to Sir George Maxwell's questionnaire on slavery in the Yemen.

We are sending on a copy of the completed questionnaire to Sir George Maxwell, and I enclose a copy of my letter† to him from which you will see we are urging discretion in its use.

We do not propose to make any use of the information so obtained for the memorandum on slavery for the Committee of Experts.

Yours, &c.,

T. V. BRENAN.

79080/36 [No. 24]. No. 118.

FOREIGN OFFICE

to

THE SECRETARY GENERAL, LEAGUE OF NATIONS, GENEVA.

(Copy received in Colonial Office, 7th April, 1936.)

SIR, Foreign Office, S.W.1, 4th April, 1936.

With reference to paragraph 15 of the memorandum‡ enclosed in Foreign Office letter No. W.2067/154/52 of 7th March, I am directed by Mr. Secretary Eden to transmit to you herewith, for communication to the Advisory Committee of Experts on Slavery, a translation of a proclamation§ concerning the slave trade issued by His Majesty the Sultan of Lahej on 7th March, 1935.

I am, &c.,

J. C. STERNDALE BENNETT.

79080/36 [No. 20]. No. 119.

THE SECRETARY OF STATE

to

THE RESIDENT.

[*Answered by No. 120.*]

(No. 103.)

SIR, Downing Street, S.W.1, 23rd April, 1936.

I have the honour to refer to your despatch No. 3 of the 8th of January|| enclosing a memorandum prepared by Mr. W. H. Ingrams regarding slavery and the slave trade in the Aden Protectorate, and to inform you that I note with concern the extent to which the institution of slavery, and to some extent the sale of slaves, still prevail in the Protectorate.

2. I now enclose a copy of a memorandum¶ which has been sent to the Foreign Office for use in connexion with the next meeting of the League of Nations Advisory Committee of Experts on Slavery. The passages in Chapters I and III relating to the Aden Protectorate are based on the information contained in Mr. Ingrams' memorandum and the previous correspondence on this subject.

3. In paragraphs 6 and 7 of your despatch you make proposals for the conclusion of separate agreements with the Chiefs of the Aden Protectorate to secure their co-operation in the prevention of the introduction of further slaves into their territories. I concur in your proposals, and I shall be obliged if you will take an early opportunity to give effect to them. An intimation as to the action which it is proposed to take in this respect is contained in paragraph 17 of the enclosed memorandum.

4. In paragraph 7 of your despatch you ask to be furnished with a draft agreement which can be negotiated separately with each of the Chiefs as opportunity offers. I am disposed to think that the form of agreement should be as brief and simple as possible,

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* No. 116. † Not printed. ‡ 79080/36 [No. 15]: not printed. § Enclosure in No. 114.
|| No. 112. ¶ 79080/36 [No. 15]: not printed.

and I suggest that the draft might follow generally the lines of the notes exchanged at the time of the signing of the Treaty of Sana'a in 1934. The Chiefs should undertake to co-operate with His Majesty's Government in preventing the importation of slaves into their territories either by sea or by land.

5. I note that you still have under consideration the policy which should be adopted with a view to the ultimate abolition of the sale of slaves and the institution of slavery within the Aden Protectorate. I trust that you will send me at the earliest possible date the further communication promised in your despatch.

6. I also note that you may be able to forward at a future date a memorandum regarding slavery in the Yemen. As regards the question of inviting the King of the Yemen to adhere to the Slavery Convention, I will communicate with you if it is desired that you should take any action in the matter.

7. I also enclose for your information a copy of a letter* from the India Office to the Foreign Office with a copy of the memorandum referred to therein regarding slavery in the Persian Gulf.

I have, &c.,

J. H. THOMAS.

79080/36 [No. 27].

No. 120.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 8th June, 1936.)

[*Answered by No. 122.*]

(No. 238.)

SIR, The Residency, Aden, 26th May, 1936.

I have the honour to refer to your despatch No. 103, dated 23rd April, 1936†, enclosing a memorandum that has been sent to the Foreign Office for use in connection with the next meeting of the League of Nations Advisory Committee of Experts on Slavery.

2. In paragraph 3 of your despatch you have approved of my proposal to endeavour to conclude separate agreements with all Protectorate Chiefs to secure their co-operation in the prevention of the introduction of further slaves into their territories, and in paragraph 4 you have proposed that the form of agreement should follow generally the lines of the notes exchanged at the time of the signing of the Treaty of San'a in 1934. I have accordingly invited His Highness the Sultan of Lahej and his Highness the Sultan of Shihr and Mukalla to subscribe to an agreement based on the terms of the notes exchanged with the King of the Yemen, a copy‡ of which I enclose with this despatch. His Highness the Sultan of Shihr and Mukalla has signed the agreement and His Highness the Sultan of Lahej has agreed verbally to do so. I hope that the example of these two leading Chiefs will enable me to obtain the adherence of other coastal Chiefs.

3. With regard to the ultimate abolition of the sale of slaves and of the institution of slavery within the Protectorate I enclose a copy of a letter§ addressed by the Political Secretary to the new Sultan of Shihr and Mukalla in which he has proposed measures to achieve this purpose in addition to the conclusion of an agreement to prevent the importation of new slaves. These points were discussed with Sultan Salih when he passed through Aden last month, and his verbal replies were then favourable. He has, however, only very recently succeeded to the Sultanate, and he must establish his authority and estimate the strength of his own position before he can give binding replies to the questions that have been put to him.

4. The Sultan of Lahej has also been asked to agree and has verbally consented to the abolition of the sale of slaves at fairs and to the granting of freedom to any slave on his demanding it, as well as to the agreement for the prevention of the importation of new slaves.

5. As in the case of the agreement for the prevention of the introduction of further slaves I hope that an example set by the two leading Rulers of the Protectorate will be followed by the minor Chiefs.

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* 79080/36 [No. 16]: not printed. † No. 119. ‡ Not printed. § Not printed.

6. I enclose a memorandum prepared by the Frontier Officer regarding slavery in the Yemen. It is based on information supplied by our Political Clerk at Hodeida, the substance of which has already been communicated to you in my despatch No. 257, dated 19th August, 1935*, and in my semi-official letter of 28th February† to Mr. Cowell. I note that you will communicate with me if you wish me to take any action regarding the question of inviting the King of the Yemen to adhere to the Slavery Convention.

7. My Political Secretary, Lieut.-Colonel M. C. Lake, has represented to me that some of the statements in Mr. Ingram's memorandum regarding slavery and slave trade in the Aden Protectorate may have given rather too unfavourable an impression of existing conditions. He has pointed out that the status of slavery as it prevails in the Protectorate differs very largely from that in Abyssinia and in the Hejaz, inasmuch as its form is much milder in practice. Colonel Lake has an intimate knowledge of the Protectorate, and his experience is that slaves throughout it are well treated and apparently contented. Colonel Lake's view is borne out by the Frontier Officer, Captain B. W. Seager, who has travelled extensively in the Aden Protectorate since his appointment here, and who has many years' acquaintance with the Hejaz and an intimate knowledge of the slave trade there. He informs me that many cases of cruelty to slaves came to his notice in the Hejaz, but that in the Aden Protectorate he has seen no cases of cruelty or even of unkindness.

8. Colonel Lake also feels strongly that instances of brutality such as those mentioned in the last paragraph of Mr. Ingram's note cannot be taken as typical. He feels personally convinced that the threat to burn the slave boy was not seriously intended, and further evidence has led him to doubt the truth of the story of the alleged torturing of three slaves at Lahej.

I have, &c.,

B. R. REILLY,

Resident, &c.

79080/36 [No. 36].

No. 121.

THE ACTING RESIDENT

to

THE SECRETARY OF STATE.

(Received 12th October, 1936.)

(No. 456.)

SIR, The Residency, Aden, 17th September, 1936.

I have the honour to refer to Sir Bernard Reilly's despatch No. 238 of 26th May 1936‡ and to submit a progress report on the abolition of the import of slaves into the Aden Protectorate and of the institution of slavery therein, during the past three months.

2. In addition to His Highness the Sultan of Shihr and Mukalla, the following Chiefs have now signed an agreement consenting to prevent the further introduction of slaves into their territory:—

His Highness the Sultan of Lahej;

The Sultan of Bālihāf;

and the two Sheikhs of the Ahl Subeiha whose territories lie along the coast between Aden and Perim, namely, the 'Ātifi and the Barhimi.

All the other coastal Treaty Chiefs have been invited to sign the agreement and their replies are awaited.

The Sultan of Qishn and Soqotra was omitted from the list of Chiefs so invited owing to lack of communication with him on account of the South-West monsoon. I have now addressed him.

The Fadhli Sultan was also omitted owing to his serious illness at that time. He has since died and his eldest son who succeeded him has now been addressed.

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* No. 100 in Middle East No. 57. † No. 115. ‡ No. 120.

3. With reference to paragraphs 3 and 4 of Sir Bernard Reilly's despatch I wish to invite your attention to the copy of the letter (sent as an enclosure to the despatch) to His Highness the Sultan of Shihr and Mukalla.

At an interview which His Highness had with me recently, he agreed to paragraphs 2 and 3 of the letter, but as regards the cancellation of the agreement which His Highness has with the Kathiri Sultan regarding the obligation to restore Kathiri slaves who run away to Qu'aiti territory, His Highness suggested that I should approach the Kathiri Sultan (through His Highness) inviting him first to agree to the cancellation. I intend to do this and also to invite him to agree to the other points mentioned in the letter under reference.

As it is probable that I shall be visiting the Hadhramaut myself from 26th–29th September in company with the Air Officer Commanding, British Forces in Aden, I shall take the opportunity of discussing this subject with the Kathiri Sultan.

4. A similar letter was sent to His Highness the Sultan of Lahej to which he has replied that the sale of slaves at markets in his territory has never been the custom and he has given an assurance that such transactions will never take place.

As regards the granting of freedom to slaves on demand, His Highness is more guarded in his reply. He pleads that he is bound by the rulings of the Shari'a law but at the same time points out that it is generally known that slaves can always obtain their freedom by taking refuge in British territory, but he stresses the point that domestic slaves are slaves only in name and that the term " slave " is used more to distinguish a separate community rather than in its literal sense. He asserts that the term " slave " does not necessarily signify that the individual is the property of anyone.

His Highness also declares that domestic slaves have perfect liberty to leave the country and go where they like, but that very few do this or ask for their freedom as they are perfectly content with their present lot.

From my own personal experience of life in the Aden Protectorate I can confirm the last half of this declaration which applies not only to 'Abdali territory but to the whole Protectorate.

5. It will be noted that only the coastal chiefs have so far been addressed as regards the import of slaves by *sea*. It is, I think, Sir Bernard Reilly's intention that in due course inland chiefs should also be invited to sign an agreement on similar lines referring to the import of slaves by *land*. I believe also that it is Sir Bernard Reilly's intention that the whole question of slavery should be discussed at the next Lahej Conference with those Chiefs who are attending it.

I have, &c.,

M. C. LAKE,

Acting Resident, &c.

79080/36 [No. 35].

No. 122.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

[*Answered by No. 123.*]

(Confidential.)

SIR, Downing Street, 22nd October, 1936.

I have the honour to refer to Sir Bernard Reilly's despatch No. 238 of the 26th of May* on the subject of slavery in the Aden Protectorate, and to inform you that I have been considering the position further in the light of this despatch and of the report of the meeting of the League of Nations Advisory Committee of Experts on Slavery which was held in April of this year.

2. I enclose for your information copies of two circular despatches and their enclosures which were addressed to the various Colonial Dependencies on the 29th of August last.

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* No. 120.

3. I would invite your attention to the passages regarding the Aden Protectorate which appear on pages 15 and 23 of the League Committee's report, and also to the suggestions made by the Committee in paragraph 15 on page 17, in paragraph 7 on page 24, and in paragraph 26 on page 28 of the report.

4. I shall be obliged if you will make a careful study of the report, particularly of Chapters III and IV on pages 17–28, and if you will furnish me with your observations on any matters with which you are concerned and also with any information which may be of interest to the Slavery Committee. The Advisory Committee will probably meet again early in 1937, and it is therefore desirable that your reply should reach me in good time, and at the latest by the end of December next.

5. As regards the despatch under reference, I note with satisfaction the measures which have already been taken, not only as regards the complete suppression of the slave trade, but also as regards the gradual abolition of the institution of slavery. I trust that it will be possible to conclude in the near future separate agreements with all the Protectorate Chiefs, securing their co-operation in the prevention of the introduction of further slaves into their territories. In particular, I wish to draw your attention to the recommendation in paragraph 15 on page 17 of the Committeee's report that it should be made an offence liable to very severe punishment for any one knowingly to keep as a slave a person who has been enslaved, and I request that you will consider whether it is not possible to invite all the Chiefs in the Protectorate to issue Proclamations making it an offence, with suitable penalties, (1) to import, buy or sell a captured slave; (2) to be in possession of a captured slave imported after the date of the Proclamation.

6. The information conveyed to me in the despatch under reference was too late for inclusion in the memorandum (which appears as annex 7 on page 59 of the report) submitted by His Majesty's Government to the Committee at their last meeting, but the action already taken by you and any further action which you are able to report in reply to this despatch will be included in the memorandum which will no doubt be furnished to the Committee for their next meeting.

I have, &c.,

W. ORMSBY GORE.

79080/36 [No. 41].

No. 123.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 21st December, 1936.)

(Confidential.)

(No. 620.)

SIR, The Residency, Aden, 9th December, 1936.

I have the honour to refer to your confidential despatch dated 22nd October, 1936* on the subject of slavery in the Aden Protectorate, and the enclosures sent with it.

2. With regard to the suggestion made in paragraph 15 on page 17 of the League Committee's report, I am inviting His Highness the Sultan of Lahej to act on the Committee's recommendation by altering the first sentence of the second paragraph of his proclamation printed on page 75 of the Committee's report to read as follows:—

"Whoever disobeys this, or is found knowingly to keep in his possession an imported or captured slave will render himself liable to severe punishment."

3. I am requesting His Highness the Sultan of Mukalla to issue a similar proclamation, and I propose in due course to ask other Protectorate Chiefs to follow the example in this matter of the two leading Sultans.

4. As stated in Lieut.-Colonel Lake's despatch No. 456 of the 17th September, 1936†, all the coastal treaty chiefs have already been invited to sign agreements to prevent the further introduction of slaves into their territories, and the Fadhli and Kathiri Sultans have now done so, in addition to those mentioned in Colonel Lake's despatch. I now intend to address other inland chiefs in the same sense.

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* No. 122. † No. 121.

5. As long as the Aden Protectorate is not under direct British Administration measures of social reform desired by His Majesty's Government can be effected only through the willing co-operation of the chiefs, and to secure this it is necessary to proceed gradually, and not to antagonise them by submitting them to too strong a pressure on a subject regarding which our interference might easily be resented. I trust that it will be appreciated that slow progress is likely to be the surest in the conditions that prevail in the Protectorate.

6. The problem referred to in paragraph 7 on page 24 of the League Committee's report does not arise directly in this Protectorate, as emancipated slaves in the Sultanates and tribal territory are able to adapt themselves to circumstances without the intervention of the Aden Government.

7. Paragraph 26 on page 28 of the Committee's report refers to serfdom, which in the Aden Protectorate does not exist in any form distinct from domestic slavery. The extent and the nature of the latter have already been dealt with in previous reports.

8. Enquiries will be made regarding the subject mentioned under the heading of "Sa'udi Arabia and Yemen" on page 15 of the Committee's report in so far as it concerns the Yemen, and I shall communicate the result to you.

9. The lack of accurate statistics in a non-administered country, with many parts of which direct contact is still slight, makes it hard to submit reliable figures regarding the number of slaves held in the Aden Protectorate, and this difficulty is enhanced by the fact that the term "slave" is sometimes used with reference to persons of slave origin who are in fact free. I am inclined to believe that the figure 4,000–5,000 given on page 23 of the Committee's report as the number of slaves in the Protectorate may, for this and other reasons be an over-statement. Our increasing contact with the Hadhramaut, in which district and in Mukalla most of the Protectorate slaves are to be found, should assist in the investigation of this point, on which I hope to report further when more detailed information is available.

10. In paragraph 3 of Lieut.-Colonel Lake's despatch of the 17th September, 1936*, he reported that His Highness the Sultan of Shihr and Mukalla had demurred to the cancellation of the agreement between the Qu'aiti Government and the Kathiri Sultan providing for the restoration of Kathiri slaves, on the ground that the assent of the Kathiri Sultan should first be obtained. This was done during Lieut.-Colonel Lake's recent visit to Hadhramaut, and the Sultan of Mukalla has now assented to the cancellation of the agreement in question.

I have, &c.,

B. R. REILLY,

Resident, &c.

79080/37 [No. 3].

No. 124.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 12th July, 1937.)

(Confidential.)

SIR, Governor's Office, 30th June, 1937.

I have the honour to refer to paragraph 2 of my confidential despatch No. 620 of the 9th December, 1936† on the subject of slavery in the Aden Protectorate, and to inform you that on the 28th January, 1937, His Highness the Sultan of Lahej issued a proclamation on the lines indicated therein.

2. As regards the Hadhramaut, the present position is set out in the enclosed copy of a report dated the 16th June by Mr. W. H. Ingrams, O.B.E. I regard this document, and the labour of which it is evidence, as a valuable contribution to the solution of the problem, particularly as it contains, in the concluding paragraphs, practical and constructive suggestions for the gradual eradication of slavery in a region where since time immemorial it has been endemic. I earnestly hope that it will prove possible to adopt Mr. Ingrams' recommendations. So far as they concern the dominions of His Highness the Sultan of Shihr and Mukalla I propose to urge them upon him very strongly as soon as he returns from his travels in Europe.

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* No. 121. † No. 123.

3. With reference to paragraph 2 of Lieutenant Colonel Lake's despatch No. 456 of the 17th September, 1936, I am glad to state that the Sultan of Qishn and Socotra has now signed an agreement designed to prevent the further introduction of slaves into his territories.

I have, &c.,
B. R. REILLY,
Governor.

Enclosure in No. 124.

SLAVERY AND THE SLAVE TRADE IN THE HADHRAMAUT.

The largest slave owners in the country are the Qu'aiti Sultan of Shihr and Mukalla and the Kathiri Sultan. The former owns approximately 330 men and boys slaves and 320 women and girls in Mukalla and about the same number in Shihr and Gheil Ba Wazir. Three years ago I met one Swahili-speaking slave from Tanganyika Territory among them who had been in the country for years, but practically speaking they are all " born slaves " and no new slaves are imported or bought locally. The majority of the boy slaves are formed into a cadet corps and later become soldiers, others become personal servants and attendants on His Highness' household. Many of these slaves rise to high positions. The female slaves are mostly domestic servants.

His Highness' slaves are well treated and well cared for. As children they are provided with all necessities and later are given " pocket money " or small monthly wages, the men receiving $2½ a month each and the women $1½. The Slave soldiers receive Rs.3 or Rs.4 a month as well as free quarters, and free rations for themselves and their families. They marry among their own class and their children are supplied with milk, a scarce commodity in Mukalla, and they may attend school. The cadets receive Rs.I.12 a month. Details of the slave portion of the Regular Army are appended. When a slave dies the Qu'aiti Government provides $4¾ for his or her funeral expenses.

The Kathiri Sultan owns about 200 male and 100 female and child slaves in Seiyun and 350 men and 150 women and children in Tarim. Their position is much the same as that of the Qu'aiti Sultan's slaves, except that there is no cadet corps for the boys, but the majority of the men become soldiers and are now being formed into Tribal Guards. Details of the expense of the Kathiri slaves are appended.

Almost all classes of the population, Seiyids and Sheiks, tribesmen and townsmen, own slaves. The wealthy families of Seiyids own many " born slaves " in their households. These slave men and women are treated as " poor relations " of the family, that is to say they are allowed greater familiarity than the ordinary domestic servant but all the work of fetching and carrying, cooking and cleaning etc., necessary in a house is allotted to them. Their marriages are usually arranged for them, with their consent, and are generally among their own class. The master provides the married quarters, the bride's trousseau etc., and looks after the children who become part of the household like their parents.

The number of slaves in a household is necessarily limited by the wealth of the master, but it is to be noted that living of a kind is extremely cheap in this country and large families of slaves can be fed and cared for, in a frugal way, at very little expense.

There are, of course, many Seiyids too poor to possess slaves, but probably this class of the population is as a whole the largest slave-owning class, if the two Sultans and some feudal lords are excepted.

Many of the Yafa'is, particularly the Thelud or Hadhrami Yafa'is settled down in the country and cultivating the land, own slaves who work on the land or as domestic servants.

Tribesmen as a whole are large slave owners, but many of them probably only possess one or two slaves each. When I visited Bin'Abdat at Al Ghurfa he turned out a guard of honour of some 150 slaves bought in fairly recent years to sustain his now celebrated war. His neighbour and enemy, Bil Fas, also owns many slaves and so does another neighbour, 'Awadh bin 'Azzan. The Beduins rarely possess slaves though they not infrequently loot slaves or free men for sale as slaves. The male slaves belonging to tribesmen are used to cultivate the land, as domestic servants, and to take part in tribal feuds. The female slaves work in the house or fields.

Like the other classes the rich townsman owns many slaves and the poor townsman none at all. They are used as servants or for whatever work is needed in house or shop or whatever it may be. The women are principally domestic servants.

(C3716)

Considering the great numbers of slaves that there are in the country it seems remarkable to me that there are apparently few instances of ill-treatment, though I admit that various Arabs have expressed a contrary view to me. Admittedly a slave is not " free " but nor can the children of the household be called " free ". Nothing is done without the consent of the head of the House and not even a man of 40 or 50 would think of leaving his father's house or undertaking any enterprise without the consent of his parent.

Slaves are usually the most trusted members of the family and are quite frequently left in charge of the money or valuables. If a slave belonging to the Sultan shows unusual promise or intelligence he can nearly always come to the front and take a high place in the Government. Even in the social scale slaves do not rank the lowest in the land.

Female slaves of course remain at the status of a servant, though sometimes a free man marries a slave whereupon her status becomes slightly raised. Even members of well to do families occasionally marry with slaves but it is generally regarded in the same way as the man at home who " marries his cook ". On the other hand female slaves are commonly taken, with consent (probably never withheld), as concubines by members of the family. The woman may afterwards marry with one of her own class, though any children born of the alliance with her master are born free and if the father is a Seiyid the children will be Seiyids or Sherifas.

I should have said that on the whole the slaves in the Hadhramaut are contented but many of the better Arabs state that there is a lot of cruelty, in the separation of slave families and in other ways. Instances appear in the histories of individual cases appended. It has also been alleged that there are Beduin masters who, when a slave runs away and is recaptured, cut the tendons of his legs after which they employ him on herding camels. Two offers have been made by a Seiyid of Hadhramaut and by the Governor of Du'an to produce such a case to me for photographing, but I have not yet seen them. The Mahras have also been mentioned as adopting this practice.

Slave-Trade.

All over the country there are saints' shrines and annual fairs are held in their honour. It is particularly at the fairs of Meshhed and Al Qatn that the sale of slaves is said regularly to take place, though I met with no success in a disguised effort to buy a slave at the Meshhed fair this year. Apart from this there are no recognised slave markets and buying and selling is conducted through brokers with the individuals concerned.

Both the Qu'aiti and Kathiri Sultans have declared that slaves who desire their freedom must be freed and prohibiting the import of new slaves. Since the new rules for the freeing of slaves have been in force in Kathiri territory, six slaves had asked for and obtained their freedom up to the end of April. Since then there have been a considerable number more and on my recent visit to Hadhramaut, it was almost a daily occurrence for slaves to come and ask for freedom. The arrangements recently made for the employment of a few slaves as coolies by Cowasjee Dinshaw in Aden offers a much needed outlet and if the freeing of slaves was properly organised the numbers would probably be considerable.

Amongst rulers and the more enlightened classes I have found nothing but praise and support for the new arrangements whereby slaves who wish to can apply for freedom and not be returned to their masters. Everybody says there was much cruelty in separation of families and that this was contrary to the Sharia, and everybody says that the new arrangements are meritorius for their religion commends the freeing of slaves.

Amongst the civilised tribesmen I have met with no opposition, though their lack of opposition is not based on humanitarian but practical grounds. Some of the big slave owners say that with the advent of peace they no longer want slaves whom they had bought to fight for them. In the cases in which I have had a hand in freeing slaves no opposition has been made, though occasionally there has been talk of compensation being required if slaves were to be freed. Another point that has been brought up is the difficulty of proving title to a slave and cases have come to my notice in which free men have been sold by Beduins, (the Sei'ars are said to be particularly bad offenders) or in which slaves have been stolen and sold. One of these traders, remonstrated with by a Seiyid for this illicit traffic, said " Sell them, of course I sell them! If you hand over to me His Eminence the Mufti of Tarim I'll sell him!"

There seems to me to be a certain measure of latent opposition to the freeing of slaves among the Ja'da and the 'Attas Seiyids in the Wadi 'Amd, but I do not think it would be carried very far.

Some more evidence of the importation of slaves in recent years has come to light, and there is no doubt that sporadic cases occur. Members of the Ja'da tribe, for example,

who migrate to India, have on more than one occasion induced parents in India to entrust them with their children to be taught religion in the Hadhramaut and then to have sold the children on arrival here. Cases of Indian slaves are reported in an appendix and orders have now been issued for their release. Indian slaves are not called *'Abid* but *Kuweili*.

Before the prohibition of Mui Tsai in Singapore it was a not infrequent practice of Hadhrami emigrants to the Straits to bring back slave children, mostly female. A Chinese girl bought in Singapore and brought to the Hadhramaut usually became her master's concubine and took her place as a servant in the household.

Occasional Africans are also said to be brought as servants, to earn a living or as members of crews, and then to be sold. There are certainly a few cases of the capture of slaves in neighbouring parts of the Protectorate with subsequent sale in this country.

I have arranged various statements and histories of slaves in appendices as I think that these give a fair idea of the situation existing.

Recommendations.

I discussed with Sultan 'Ali bin Mansur, Sultan 'Ali bin Salah and the Seiyids the possibility of registration of slaves. My suggestion is that in the first place registration should be voluntary on the part of the masters, but then when a man desired to sell a slave, the prospective buyer could enquire whether the slave was registered and make certain of this from the Government concerned, and thereby discover whether the seller had a just title to the slave. The buyer would probably refrain from buying if the seller had not registered the slave. This suggestion arose from the cases of the selling of slaves by those who were not the masters of the slaves and the registration would not only prevent this but would also lead to the detection of illegal slave trading.

It has now been suggested from an influential source that the Qu'aiti and Kathiri Sultans should be asked to issue notices in their dominions that every slave who asks for his or her freedom from whatever place it may be, should be given a paper entitling him or her to freedom.

I have recently had further discussions with Sultans and Seiyids and believe that rules on the following lines would find general acceptance:—

The buying and selling of slaves is forbidden and sale or purchase will not be regarded as giving legal title to slaves after—.

All owners of slaves are required to register them with the nearest representatives of the Qu'aiti or Kathiri Governments. No title will be recognised to slaves not registered by—.

Any slave who desires freedom should apply for it to the nearest representative of the Qu'aiti or Kathiri Governments. No steps will be taken to restore any runaway slaves to their masters.

Slaves who desire freedom will be given a paper, but may not then return to their masters. Masters who give slaves their freedom should have the papers countersigned and registered with the nearest representative of the Qu'aiti or Kathiri Governments if the slaves wish to remain and work with them.

The mortgage of persons by themselves as slaves is not recognised.

The children of slaves belong to their parents.

W. H. INGRAMS.

Mukalla,
16th June, 1937.

79080/37 [No. 5].

No. 125.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 10th August, 1937.)

[*Answered by No. 128.*]

(Confidential.)

SIR, Governor's Office, 27th July, 1937.

With reference to the correspondence ending with my confidential despatch dated 30th June, 1937*, on the subject of slavery in the Aden Protectorate, I have the honour

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* No. 124.

to inform you that Mr. W. H. Ingrams, O.B.E., First Political Officer, suggests that enquiries might usefully be prosecuted in the Mahra and Wahidi countries (in the eastern part of the Protectorate), the latter of which is believed to be a source of many of the new importations to the Hadhramaut. Mr. Ingrams reports that he is continually informed that a good deal of actual trade is also carried on in Mahra ports.

2. If further information regarding slavery and the slave trade is sought, I consider that these enquiries should be instituted. I have, however, no funds at my disposal to meet expenditure that may be incurred in the pursuance of these enquiries, and I accordingly recommend for your consideration that a supplementary grant of £50 be made for this purpose to the Protectorate budget during the current financial year.

I have, &c.,

B. R. REILLY,

Governor.

79080/37 [No. 11].

No. 126.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 13th September, 1937.)

[*Answered by No. 127.*]

(Confidential.)

SIR, Governor's Office, 1st September, 1937.

I have the honour to refer to my confidential despatch dated the 30th June 1937* forwarding a copy of Mr. Ingram's Report on Slavery and the Slave Trade in the Hadhramaut.

2. During the last few months increasing advantage has been taken by the slaves of the new arrangements whereby they can claim their freedom, and of the presence in the country of Mr. Ingrams, on whom I have conferred the power to manumit slaves in that area, and whom they can easily approach.

3. With these arrangements, and if the recommendations made by Mr. Ingrams in his report are adopted, there will no doubt be an increase in the number of those seeking freedom and the question of their disposal will become urgent. A short time ago an offer was made by Messrs. Cowasjee Dinshaw and Brothers to employ up to thirty freed slaves as coolies, as, owing principally to a considerable emigration towards the Italian Colonies, there had been a shortage of skilled coolie labour in Aden. In pursuance of this offer five freed slaves, including one Indian, were sent to Aden and enrolled by Messrs. Cowasjee Dinshaw and Brothers, but the work proved exceedingly unpopular and indeed was probably beyond their capabilities as the carrying of coal demands qualities of muscle and habit quite foreign to the life led by slaves who have been employed in light agricultural work, as domestic servants and as soldiers. None of the five slaves remained with Messrs. Cowasjee Dinshaw and Brothers and two of them fled back to the Hadhramaut.

4. A further consignment of eight freed slaves was dealt with differently. An Indian woman and her child and another Indian child taken from his parents are now awaiting repatriation to India, and the other five, including an Abyssinian imported during the last few years, an Indian, and a native of Aden kidnapped as a child on the beach, have found employment locally, either in the Salt Works or in connexion with garages and godowns.

5. The absorptive capacity of Aden is very limited, and any increase in the number of freed slaves arriving will raise a difficult local problem, as Aden already contains a large number of unemployed. I feel, however, that it is important that difficulties should not be put in the way of slaves desiring to leave the Hadhramaut after obtaining freedom, and for this reason I enclose for your information a copy of a Note written by Mr. Ingrams in which you will see that the proposal is made that a clearing house for slaves should be established in Aden, and that, if possible, freed slaves, particularly of course those agriculturally inclined, should be found a home in some other suitable British dependency.

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* No. 124.

6. The proposal made would assimilate closely to that obtaining in the seventies when His Majesty's ships employed in these waters in the suppression of the Slave Trade brought their rescued cargoes of slaves to Aden, whence they were distributed to Bombay, Zanzibar, the Seychelles and Mauritius, but of course the numbers to be dealt with will not be as great as they were then. There may be several thousands of slaves in the Eastern Aden Protectorate, but the number who wish to leave will probably not exceed more than a few hundreds over a long period, though it is impossible to make any accurate forecast.

7. I shall be glad if you will give Mr. Ingrams's proposal your consideration; and, if you think it desirable, communicate with the Government of Zanzibar and of any other dependency which may possibly take and settle freed African slaves.

8. It would be possible in Aden to set up the depot as there are unused barracks available which would be lent free by the Settlement. The Commandant of Police is also willing that one of the Armed Police Inspectors should be in charge of the depot. His duties will be light as it is not proposed that the freed slaves should be subject to any form of restraint, but merely that they should be provided with board and lodging until they obtain employment or can be shipped away. The expenses in Aden would thus not be heavy. It would be possible to ration the slaves for a few annas a day, and supervision and service would not cost more than Rs.60 a month. Mr. Ingrams has suggested that £500 should be made available for this service, the greater part of which would be required for passages. (A deck passage to Zanzibar, for example, costs about £7.)

I have, &c.,

B. R. REILLY,

Governor.

Enclosure in No. 126.

Memorandum.

References to the Aden Protectorate occur on pages 36 and 40–41. As stated by the Political Secretary, the remarks in paragraph 12 on page 40 give an opening and after discussion with His Excellency, the Civil Secretary and the Political Secretary I suggest Secretary of State's sanction be sought to the following scheme which, however, is only in outline and requires working out in detail.

2. It should be pointed out that there are several thousands of slaves in the Hadhramaut and with the new facilities they are seeking for freedom and new homes in increasing numbers. One may anticipate that as the facilities are increased in accordance with the Governor's despatch forwarding my report there will be still more who want to go. In addition the new peace means that the feudal lords no longer want their slave armies.

3. I suggest that a depot be established at Aden for the reception of slaves, possibly the old barracks in the Crater would do. If someone like a police officer were given a small allowance he could perhaps undertake the duties of officer in charge. The only staff required apart from this would probably be a cook and a sweeper. Maintenance of each slave would be cheap and four to six annas a day would probably be enough.

4. Local employers of labour might be invited to state their requirements in this class of labour and some slaves could be placed in employment in this way. Soldier slaves would, I think be useful recruits to the proposed Government Guards and those agriculturally minded, who form the majority, should if possible be sent to some neighbouring Colony. The Report of the Committee of Experts on page 42 prints a report from Zanzibar on the way that newly emancipated slaves were dealt with in that Protectorate and this may give an opening to us to suggest to the Secretary of State that Zanzibar might be asked if it would be willing to absorb freed slaves. From my knowledge of the place I should say it would be extremely suitable. Provision for deck passages to the Colony or Protectorate selected would form the remaining expenditure, and I should think a vote of £500 would be quite sufficient to give the scheme a good start.

ltd. W. H. I.

23/8/37.

79080/37 [No. 14]. No. 127.

THE SECRETARY OF STATE
to
THE GOVERNOR.

(Confidential.)

SIR, Downing Street, 27th October, 1937.

With reference to Sir Bernard Reilly's confidential despatch of the 1st September*, regarding the care and disposal of emancipated slaves, I have the honour to convey my approval of action on the general lines suggested by Mr. Ingrams. You should therefore consider the provision of such funds as are necessary in the Estimates of the Aden Protectorate for 1938–39.

2. As to the possibility of the ultimate settlement of freed slaves in other parts of the Empire, I suggest that you should communicate direct with the Government of Zanzibar, which territory is perhaps the most appropriate for your purpose.

I have, &c.,

W. ORMSBY GORE.

79080/37 [No. 17]. No. 128.

THE SECRETARY OF STATE
to
THE GOVERNOR.

(Confidential.)

SIR, Downing Street, 17th November, 1937.

I have the honour to refer to Sir Bernard Reilly's confidential despatch of the 27th of July†, and to convey my sanction of expenditure not exceeding £50 for the purpose of conducting enquiries into the alleged importation of slaves into certain areas of the Aden Protectorate.

I have, &c.,

W. ORMSBY GORE.

B. TRANSFER

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1. GENERAL

17960/33 [No. 80]. No. 129.

MR. H. R. COWELL (COLONIAL OFFICE)
to
MR. J. C. WALTON (INDIA OFFICE).

DEAR WALTON, Downing Street, S.W.1, 3rd January, 1934.

Thank you for your letter of the 20th December‡ relative to the transfer of Aden.

We have no objection to your proposal to submit Reilly's telegram of the 25th November§ to the Joint Select Committee for their confidential information. We also agree to your proposal to bring to the Committee's notice the Government of India's views on the question of transfer, as expressed in their telegrams|| of 12th October and 17th November.

Yours, &c.,

(Signed) H. R. COWELL.

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* No. 126. † No. 125. ‡ 17960/33 [No. 79]: not printed. § No. 36 in Middle East No. 50.
|| Enclosures in No. 37 in Middle East No. 50.

37960/34 [No. 2]. No. 130.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 13th August, 1934.)

[*Answered by No. 131.*]

(Confidential.)

(No. 202.)

SIR, The Residency, Aden, 1st August, 1934.

I have the honour to refer to your despatch secret (2) dated 7th June, 1934*, transmitting to me papers on the subject of the appointment of a Frontier Officer on the Aden Protectorate staff. Among these papers is a letter† dated 4th June, 1934, addressed by Mr. Blaxter to Mr. Warner, in the course of which it is stated: " If the Settlement eventually comes under the Colonial Office, the Protectorate staff will presumably then cease to be a charge on Imperial Votes and become a charge upon the funds of the new Aden Administration ".

2. If Aden is separated from India and formed into a Crown Colony, I hope that its normal revenue will be sufficient to pay for its civil administration, but this is by no means assured. If the administration of the new Colony (i.e., of the area now under the Government of India) is required to meet expenditure on account of the Aden Protectorate as distinct from Aden itself, it will certainly not be able to do so without imposing additional taxation or receiving a substantial grant from His Majesty's Government.

3. It would be extremely difficult to obtain more revenue from the taxation of this small community without recourse to customs dues which would react disastrously on the prosperity of the port, and against which the Aden public have continually endeavoured to obtain pledges, and certain assurances have been given to them on this point.

4. Aden and the Aden Protectorate are quite distinct, inasmuch as the former is under direct British administration, and the latter is ruled by its own chiefs under the general control of the Aden Residency. I have therefore hitherto assumed that, whatever might be the future of Aden, its Government and its finances would be kept distinct from those of the Protectorate. I feel certain that a proposal to combine Aden and Aden Protectorate finances would meet with very strong local opposition.

5. I consider that Aden revenue ought to be reserved for Aden purposes in the same manner that I hold that Port Trust revenue ought to continue to be reserved for expenditure on the port, a principle which has been accepted under Point 9 of the Note recording the discussion‡ on my demi-official letter of 10th August, 1933, at the India Office on 15th August, 1933. There are certain Settlement services which are of benefit to the port, and the Port Trust make grants to the Settlement on this account. Similarly there may be forms of expenditure in the Protectorate (such as the construction or improvement of roads for the encouragement of inland trade) which will be of benefit to the town of Aden. These cases could be dealt with appropriately by grants from the Aden budget or from the Port Trust to Protectorate funds for specific purposes; but neither between the Port Trust and the Settlement nor between the Aden Administration and the Protectorate ought there, in my opinion, to be an amalgamation of budgets.

6. I hope therefore that the statement in Mr. Blaxter's letter does not imply that Protectorate personnel and Services will be made a charge on the taxpayers of Aden.

I have, &c.,

B. R. REILLY,

Resident, &c.

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* 37944/34 [No. 16]: not printed. † Not printed. ‡ No. 22 in Middle East No. 50.

37960/34 [No. 5]. No. 131.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL SIR B. R. REILLY (RESIDENT).

MY DEAR REILLY, Downing Street, S.W.1, 23rd October, 1934.

In your confidential despatch No. 202 of 1st August* you raised certain questions regarding the finances of the Aden Protectorate when the Aden Settlement is transferred to His Majesty's Government.

It is too early yet to take any definite decision on this question, which is one of many others which will have to come up for consideration when the time draws nearer, and that being so, we are not replying officially to your despatch.

I can say at once, however, that the remark made in Blaxter's letter of 4th June last† to Warner was not intended to indicate that it was proposed that the Aden Settlement should become responsible for meeting the expenditure of the Aden Protectorate. In the passage which you quote, it was only intended to draw a distinction between the present practice of providing the salaries of the Protectorate staff by a direct charge on Imperial funds, and the practice which will presumably be adopted at some future date of charging them, as in a normal Protectorate, against local funds, which may, however, in fact be derived in whole from an Imperial grant-in-aid. The undertaking given by His Majesty's Government that taxation in Aden will not be increased unless such a course becomes absolutely necessary makes it clear, I think, that there is no intention of raising taxation in the Settlement in order to meet the cost of the Protectorate.

While the time is not yet ripe to reach any definite conclusions as to the precise manner in which the Protectorate budget should be organized, I think that you can rest assured that there is no likelihood whatever of a situation arising such as that which you envisage in your despatch.

Yours, &c.,

H. R. COWELL.

37960/34 [No. 6]. No. 132.

MR. J. C. WALTON (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 134.*]

(Confidential.)

DEAR COWELL, India Office, S.W.1, 22nd November, 1934.

Will you please refer to previous correspondence on the subject of the separation of Aden from India?

As regards the method of effecting this, we are considering a clause on the lines of the enclosed draft for inclusion in any Bill which emerges from the Report of the Joint Select Committee.

As the matter affects the Colonial Office we shall, of course, be glad of any comments which you may have to make.

Yours, &c.,

J. C. WALTON.

Enclosure in No. 132.

DRAFT CLAUSE.

(1) On such date as His Majesty may by Order in Council appoint (in this section referred to as " the appointed day ") Aden shall cease to be a part of India.

(2) The British Settlements Act, 1887, shall apply in relation to Aden as if Aden were such a settlement as is therein referred to, and His Majesty, by virtue and in exercise of the powers by that Act or otherwise vested in him, may at any time after the passing of this Act make such provision as he deems proper for the government of Aden on and after the appointed day.

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* No. 130. † Not printed.

(3) An Order made by His Majesty in Council by virtue of the preceding subsection may, without prejudice to the generality of the powers therein referred to, contain provisions with respect to—

(i) the continuing validity of all Acts, orders, ordinances and regulations in force in Aden immediately before the appointed day;

(ii) the continuing validity of lawful acts done by any authority in Aden before the appointed day;

(iii) the validity and continuance of proceedings commenced before the appointed day in any Court of Justice in, or having jurisdiction in, Aden; and

(iv) the enforcement by or against the Government of Aden of claims which, if this Act had not been passed, might have been enforced by or against the Government of India in connexion with the administration of Aden.

(4) It shall be the duty of any court in India upon which appellate jurisdiction is conferred by an Order in Council made under this section to exercise that jurisdiction, and such contribution, if any, as His Majesty in Council may determine shall be paid out of the revenues of Aden towards the expenses of that court.

(5) In this section the expression Aden means the settlement of Aden and its dependencies, inclusive of the villages of Shaikh Othman, Imad and Hiswa, the Island of Perim, Little Aden and the Kuria Muria Islands, whereof the government was before this Act came into operation under the superintendence, direction and control of the Governor-General of India in Council.

37960/34 [No. 7]. No. 133.

MR. J. C. WALTON (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[Answered by No. 134.]

(Confidential.)

India Office, S.W.1, 22nd November, 1934.

DEAR COWELL,

Will you please refer to the correspondence ending with Colonial Office letter of 16th October, 1931*, in which it was agreed that the control of the Kuria Muria Islands should be transferred from the Resident at Aden to the Political Resident in the Persian Gulf.

It is thought here that we ought to provide in the forthcoming Government of India Bill for the separation of these islands (which are British territory) along with Aden from India. Apart from the fact that they do not, geographically or naturally, form part of India, there is the possibility that they might at some future time acquire some degree of strategic importance. In this connexion, please see Reilly's letter of 24th April, 1931, to the Government of Bombay (enclosed with his despatch No. 96† to the Colonial Office), in which he pointed out that the establishment of Royal Air Force seaplane bases between Aden and the Persian Gulf is leading to increased contact with the neighbourhood of these islands.

Separation from India could be effected quite easily by including them among other named dependencies of Aden—Shaikh Othman, Imad and Hiswa, Little Aden and Perim—in the definition of Aden in the Bill.

I am not sure whether this would make it necessary to go through the formality of reversing the administrative orders passed in 1931 which transferred the control of the islands from the Resident at Aden to the Political Resident in the Persian Gulf. But if so, it would still seem possible, as a matter of administrative convenience, to arrange subsequently that any control should be exercised by the Political Resident in the Persian Gulf (acting in this behalf as agent of the Home Government), if such arrangement should at any future time be thought convenient in practice.

Could you kindly let me know your views as early as possible? If the Colonial Office see no objection, we could confirm by official letters that the Kuria Muria Islands are to be regarded as one of the dependencies of the Aden Settlement.

Yours, &c.,

J. C. WALTON.

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* C. 89277/31 [No. 9]: not printed. † No. C. 89277/31 [No. 1]: not printed.

37960/34 [No. 8].

No. 134.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. J. C. WALTON (INDIA OFFICE)

(Confidential.)

DEAR WALTON, Downing Street, S.W.1, 7th December, 1934.

In your letter of the 22nd of November* you sent me a draft clause of a Bill to effect the separation of Aden from India.

That clause imports a reference to the British Settlements Act which we consider both unnecessary and inadvisable. Aden is not a " Settlement " of the nature to which the Act applies; and certain provisions of the Act, e.g., clause 3, might prove embarrassing.

The Settlement of Aden was, I understand, acquired by conquest and purchase, but in view of its special relations with India we think it would probably be inexpedient to rely for its future administration on the exercise of the Royal Prerogative alone, and some enactment by Parliament seems to be necessary. But we think that this should take the form of a clause empowering His Majesty by Order in Council to make provision for the constitution of Aden and in general for its administration. Power should be given, without prejudice to the general power, to provide for the matters specially indicated in paragraphs 3 and 4 of the draft clause enclosed in your letter.

As regards the question of the Kuria Muria Islands, raised in your letter of the 22nd of November†, we see no objection to their inclusion among other named dependencies in the definition of Aden in the Bill.

Bushe will be happy to discuss with your Legal Adviser and Parliamentary Counsel the revise of this clause in the Bill, if they will let him know when it would be convenient.

Yours, &c.,

H. R. COWELL.

37960/34 [No. 10].

No. 135.

MR. H. L. M. OXLEY (INDIA OFFICE)

to

MR. H. G. BUSHE (COLONIAL OFFICE).

[*Answered by No. 136.*]

Legal Adviser's Department, India Office, S.W.1,

20th December, 1934.

DEAR BUSHE,

Would the enclosed draft of clause 255 of the new Bill, omitting reference to the British Settlements Act, 1887, meet the views of the Colonial Office?

Yours, &c.,

H. L. M. OXLEY,

for the Legal Adviser.

Enclosure in No. 135.

DRAFT CLAUSE.

255.—(1) On such date as His Majesty may by Order in Council appoint (in this section referred to as " the appointed day ") the then existing Chief Commissioner's Province of Aden shall cease to be a part of British India.

The said Chief Commissioner's Province, together with the Kuria Muria Islands, is hereafter in this section referred to as " Aden ".

(2) At any time after the passing of this Act it shall be lawful for His Majesty in Council to make such provision as he deems proper for the government of Aden at any time after the appointed day, and any such Order in Council may provide that there

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* No. 132. † No. 133.

shall be reserved to or conferred on His Majesty full powers by Order in Council from time to time to make laws for the peace, order and good government of Aden.

(3) An Order made by His Majesty in Council by virtue of the preceding subsection may, without prejudice to the generality of the powers therein referred to, contain provisions with respect to—

(i) the continuing validity of all Acts, Orders, ordinances and regulations in force in Aden immediately before the appointed day;

(ii) the continuing validity of lawful acts done by any authority in Aden before the appointed day;

(iii) The validity and continuance of proceedings commenced before the appointed day in any Court of Justice in, or having jurisdiction in, Aden; and

(iv) the enforcement by or against the Government of Aden of claims which, if this Act had not been passed, might have been enforced by or against the Government of India in connexion with the administration of Aden.

(4) It shall be the duty of any court in India upon which appellate jurisdiction is conferred by an Order in Council made under this section to exercise that jurisdiction, and such contribution, if any, as His Majesty in Council may determine shall be paid out of the revenues of Aden towards the expenses of that court.

37960/34 [No. 11]. No. 136.

MR. H. G. BUSHE (COLONIAL OFFICE)

to

MR. H. L. M. OXLEY (INDIA OFFICE).

DEAR OXLEY, Downing Street, S.W.1, 20th December, 1934.

Your letter of to-day's date enclosing a draft clause with reference to Aden. The only comment I have to make is that it seems to me that it might be safer to insert after the word " may " in line 5 of sub-clause 2 the words " delegate to any person or persons within Aden power to make laws for the peace, order, and good government thereof, and may further ".

Yours, &c.,

H. G. BUSHE.

78060/35 [No. 1]. No. 137.

EXTRACT FROM GOVERNMENT OF INDIA ACT, 1935.

[25 & 26 GEO. 5, CH. 42.]

* * * * * *

ADEN, BURMA, NEW PROVINCES AND PROVINCIAL BOUNDARIES.

266.—(1) On such date as His Majesty may by Order in Council appoint (in this section referred to as " the appointed day ") the then existing Chief Commissioner's Province of Aden (in this section referred to as " Aden ") shall cease to be a part of British India. Aden.

(2) At any time after the passing of this Act it shall be lawful for His Majesty in Council to make such provision as he deems proper for the government of Aden after the appointed day, and any such Order in Council may delegate to any person or persons within Aden power to make laws for the peace, order and good government of Aden, without prejudice to the power of His Majesty in Council, notwithstanding such delegation, from time to time to make laws for any of the purposes aforesaid.

(3) An Order made by His Majesty in Council by virtue of the preceding subsection may, without prejudice to the generality of the powers therein referred to, contain provisions with respect to—

(i) the continuing validity of all Acts, orders, ordinances and regulations in force in Aden immediately before the appointed day;

(ii) the continuing validity of lawful acts done by any authority in Aden before the appointed day;

(iii) the validity and continuance of proceedings commenced before the appointed day in any Court of Justice in, or having jurisdiction in, Aden; and

(iv) the enforcement by or against the Government of Aden of claims which, if this Act had not been passed, might have been enforced by or against the Secretary of State in Council in connexion with the administration of Aden.

(4) Any such Order as aforesaid may confer appellate jurisdiction from courts in Aden upon any court in India, and it shall be the duty of any court in India upon which jurisdiction is so conferred to exercise that jurisdiction, and such contribution, if any, as His Majesty in Council may determine shall be paid out of the revenues of Aden towards the expenses of that court.

Adjustment of assets and liabilities between India and Burma and Aden.

267.—(1) There shall be made between India and Burma such financial adjustment as His Majesty in Council may deem equitable and any periodical or other payments falling to be made under that adjustment shall be charged on the revenues of India or the revenues of Burma as the case may be.

(2) Lands and buildings in Burma which immediately before the separation of Burma from India were vested in His Majesty for the purposes of the government of India shall as from that date vest in His Majesty for the purposes of the government of Burma.

(3) The foregoing provisions of this section shall apply in relation to Aden as they apply in relation to Burma.

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78060/35 [No. 14]. No. 138.

EXTRACT FROM GOVERNMENT OF INDIA ACT, 1935.

[25 & 26 GEO. 5. CH. 42.]

* * * * * * *

ADEN.

288.—(1) On such date as His Majesty may by Order in Council appoint (in this section referred to as " the appointed day ") the then existing Chief Commissioner's Province of Aden (in this section referred to as " Aden ") shall cease to be a part of British India.

(2) At any time after the passing of this Act it shall be lawful for His Majesty in Council to make such provision as he deems proper for the government of Aden after the appointed day, and any such Order in Council may delegate to any person or persons within Aden power to make laws for the peace, order and good government of Aden, without prejudice to the power of His Majesty in Council, notwithstanding such delegation, from time to time to make laws for any of the purposes aforesaid.

(3) An Order made by His Majesty in Council by virtue of the preceding subsection may, without prejudice to the generality of the words of that subsection, contain provisions with respect to—

(*a*) the continuing validity of all Acts, orders, ordinances and regulations in force in Aden immediately before the appointed day;

(*b*) the continuing validity of lawful acts done by any authority in Aden before the appointed day;

(*c*) the validity and continuance of proceedings commenced before the appointed day in any Court of Justice in, or having jurisdiction in, Aden; and

(*d*) the enforcement by or against the Government of Aden of claims which, if this Act had not been passed, might have been enforced by or against the Secretary of State in Council in connexion with the administration of Aden.

(4) If any such Order is made, it shall confer appellate jurisdiction from courts in Aden upon such court in India as may be specified in the Order, and it shall be the duty of any court in India upon which jurisdiction is so conferred to exercise that jurisdiction, and such contribution, if any, as His Majesty in Council may determine, shall be paid out of the revenues of Aden towards the expenses of that court.

The Order shall also make provision specifying the cases in which an appeal from that court in India may be brought to His Majesty in Council.

(5) Any property which immediately before the separation of Aden from India was vested in His Majesty for the purposes of the Government of India and either

was then situate in Aden, or, by virtue of any delegation from the Secretary of State in Council or otherwise, was then in the possession, or under the control of, or held on account of, the Local Government of Aden, shall, as from the said separation, vest in His Majesty for the purposes of the Government of Aden, and any contract made or liability incurred by or on behalf of the Secretary of State in Council before the said separation solely for a purpose which will after the separation be a purpose of the Government of Aden shall, as from the separation, have effect as if it had been made or incurred by or on behalf of the Government of Aden.

78060/36 [No. 1]. No. 139.

MR. J. C. WALTON (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 141.*]

DEAR COWELL, Whitehall, S.W.1, 24th December, 1935.

Will you please refer to the correspondence regarding the extension of Reilly's tenure at Aden ending with the Government of India's demi-official letter of 2nd October, of which a copy was sent to you under our No. P.Z. 7531/35*? I enclose copy of a letter sent to Reilly on 5th November, and of his reply dated 26th November.

As regards the last paragraph of Reilly's letter, the matters referred to which have to be settled are, I think, administrative arrangements in connexion with such subjects as were discussed in a preliminary way at the meeting at the India Office on 15th August, 1933†, e.g., income tax, post office and telephone receipts and expenditure, stamps, the mail contract, currency, local bodies, lighthouses, Ecclesiastical affairs and lunatics. As the provisional date of transfer is 1st April, 1937, it would seem that the personal consultation with Reilly which is desirable would be in time if he came home, as he suggests, about the middle of June, 1936. Meanwhile, such further information as is required for the discussion of these matters can be obtained by the India Office from the Government of India and by the Colonial Office, perhaps, from other Departments of His Majesty's Government, such as the Board of Trade, who may be concerned with particular questions, such as lighthouses.

Apart from administrative questions we have, of course, to complete the legislation required for the transfer of Aden by Order in Council under Section 288 of the Government of India Act, 1935. This requires co-operation between the Colonial Office and India Office; and the Government of India (and also possibly Reilly) will have to be consulted on the draft Order in Council; but as the broad lines of the Order are already indicated in the Section of the Act, it does not seem that oral consultation with Reilly will be necessary. Consequently, though it will be desirable, as explained below, to draft the Order pretty early in the new year, it does not seem necessary that Reilly should advance the date of his leave on this account, as it would seem to be sufficient to send him the draft, when it is ready, by mail for any observations.

The time-table which we have in mind for the Order in Council is as follows. Under Section 309 of the Act, the draft of the Order will require affirmative resolutions by both Houses of Parliament before it can be made. There will be a very large number of Orders which will have to be made under the same procedure before Part III and other parts of the Act can be brought into operation, as is intended, in April, 1937. This means a considerable draught on Parliamentary time, and though it may be possible to leave over for disposal between October, 1936, and March, 1937, some of the matters which require the approval of Parliament, it will clearly not be safe to have a large residue still not approved at the commencement of the summer recess, 1937, and we are therefore aiming at getting as much as possible of this business (including the draft Aden Order in Council) through by the end of July, 1936. In order that there may be sufficient time before the draft Order is laid to send it to the Government of India and Aden and receive and consider any comments, it will be desirable to have a first draft ready, as I said, pretty early in the new year.

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* 37889/35 [No. 33]: not printed.

† No. 22 in Middle East No. 50.

As it is the Colonial Office which will be mainly concerned with the future provision for the government of Aden, perhaps the best initial course might be for your Legal Adviser to prepare a draft Order, which we could then jointly consider and discuss. He would no doubt keep in touch with our Legal Adviser during the process of drafting.

You may perhaps require a little time to consider this suggestion as to procedure, but perhaps, independently of that question, you could let me know at an early date whether you agree that we can let Reilly know (so that he can make his passage arrangements, etc.) that if he comes home about the middle of June it will be in time for discussion of the administrative details of the change.

Yours, &c.,

J. C. WALTON.

Enclosure 1 in No. 139.

MY DEAR REILLY, India Office, Whitehall, S.W.1, 5th November, 1935.

With reference to our conversation at the end of your last leave regarding the extension of your tenure at Aden, I enclose copy of correspondence* with Acheson, from which you will see that the Government of India have agreed to the extension of your tenure of the appointment of Chief Commissioner until such time as the transfer to the Colonial Office takes place.

Yours, &c.,

J. C. WALTON.

Lt.-Col. Sir B. R. Reilly, K.C.M.G., C.I.E., O.B.E.,
The Residency, Aden.

Enclosure 2 in No. 139.

[*Answered by No. 144.*]

MY DEAR WALTON, The Residency, Aden, 26th November, 1935.

Thank you very much for your letter of 5th November, 1935, about the extension of my tenure of the appointment of Chief Commissioner at Aden until such time as the transfer to the Colonial Office takes place.

I am very grateful to you and to the Government of India for making this arrangement, which will give me the opportunity of continuing my service at Aden over a time of special interest to the place. I am also grateful to the Colonial Office for their proposal to appoint me as the first Governor after the transfer, and I hope that this retention of an Indian Service officer may help to make the transition as smooth as possible and to reassure those among the local people who are apprehensive about the consequences of the change.

I see that you said in your letter of 29th August to Acheson that you understood that the Colonial Office contemplate consideration of details of the change, perhaps by a small Committee, when I am at home next summer. I do not know whether the India Office and the Colonial Office have as yet any particular time in the summer in mind for the meeting of a Committee for this purpose. I am provisionally proposing to go home about the middle of June, but if you can tell me when it will be most convenient for this matter to be dealt with, it will help me in arranging my leave and in booking my passage, which I ought soon to do, as the homeward ships are very crowded in the spring and early summer.

Yours, &c.,

B. R. REILLY.

J. C. Walton, Esq., C.B., M.C.,
India Office.

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* Not printed.

78060/36 [No. 2]. No. 140.

MR. J. C. WALTON (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 141.*]

DEAR COWELL, Whitehall, S.W.1, 27th December, 1935.

I enclose copy of a letter sent by Donaldson to Gordon at the War Office relative to a point arising in connexion with the transfer of Aden.

Yours, &c.,
J. C. WALTON.

Enclosure in No. 140.

DEAR GORDON, Whitehall, S.W.1, 23rd December, 1935.

Please see your demi-official letter of 26th November, I shall write to you later about Burma. I am confining this note to Aden. The Military Government of Aden has already been transferred from the Government of India and vested in the " Resident and Commander-in-Chief at Aden " by the Government of India (Aden) Act, 1929, and the Order in Council made thereunder on 15th August, 1929. The legal effect of the complete transfer contemplated in Section 288 of the Government of India Act, 1935, will apparently be that Aden will fall within the definition of " colony " in Section 190 (23-A) of the Army Act and accordingly the words " as if it were a colony " in Section 187B (i) will become otiose. The Colonial Office will be consulted on the drafting of the Order in Council under Section 288 of the Government of India Act, 1935, and they will no doubt consider such matters as the inclusion, in the Order of Council of a provision vesting the military government in the Governor or " Governor and Commander-in-Chief " and in consultation with you and the Air Ministry, any consequential amendments of the Army and Air Force Acts that may prove necessary.

The date of transfer contemplated is 1st April, 1937, or as soon thereafter as possible.

Copy of this letter is being sent to Cowell at the Colonial Office.

Yours, &c.,
E. P. DONALDSON.

H. C. Gordon, Esq.,
War Office, S.W.1.

78060/36 [No. 3]. No. 141.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. J. C. WALTON (INDIA OFFICE).

DEAR WALTON, Downing Street, S.W.1, 4th January, 1936.

I have your letter of the 24th December*, regarding the arrangements for the transfer of Aden, and also your letter of the 27th December†.

We are putting in hand the preparation of a draft Order in Council under Section 288 of the Government of India Act, providing for the administration of Aden as a Colony by a Governor and Commander-in-Chief, with the necessary subsidiary instruments (Royal Instructions, etc.). When the draft is in shape it will be desirable to have a conference with your Legal Adviser, and indeed there are certain provisions of the Order which I think we shall have to ask him to draft—see for example sub-section (3) (*c*) and (*d*) of Section 288 of the Act.

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* No. 139. † No. 140

I do not think it will be necessary to discuss the terms of the draft personally with Reilly, and it will be enough to send him the final draft for any comments.

It will be time enough for him to come home in June for the discussion of the administrative details of the transfer.

Yours, &c.,

H. R. COWELL.

78060/36 [No. 4].

No. 142.

MR. H. C. GORDON (WAR OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 143.*]

Whitehall, S.W.1, 7th January, 1936.

DEAR COWELL,

We are shortly asking Parliamentary Counsel to draft the Army and Air Force (Annual) Bill for 1936. This Bill (which has to receive Royal Assent by 30th April) should contain all the amendments which are to come into operation before the passing of the 1937 Bill. Unless the Annual Act expressly provides to the contrary, the amendments to the Army Act come into force on 30th April at home, and on 31st July abroad.

Is it possible for you to say now what exactly is to happen under Section 288 of the Government of India Act with regard to the government of Aden, and when the change will take place?

Donaldson (India Office) in his letter to me of 23rd December (a copy of which he sent to you)* suggests that Aden will be a Colony under a Governor. If this is so, it seems that Section 187B of the Army Act will either require amendment or have to be repealed; in the latter event Aden would then automatically fall within the definition of "colony" in Section 190 (23A).

The point is that if the change is to take place before 30th April, 1937, we ought to get the necessary amendment to the Army Act into this year's Annual Bill, provided, of course, that there is no doubt as to what the effect of the Order in Council under Section 288 of the Government of India Act will be.

If the necessary amendment can be included in this year's Bill, there would, of course, have to be a provision for bringing the amendment into effect on the same date as the Order in Council takes effect.

May I ask you to let me have a reply as soon as possible? We have very little time.

Yours, &c.,

H. C. GORDON.

78060/36 [No. 5].

No. 143.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. H. C. GORDON (WAR OFFICE).

Downing Street, S.W.1, 11th January, 1936.

DEAR GORDON,

We have been considering the point which you raise in your letter of the 7th January†.

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* Enclosure in No. 140. † No. 142.

The present intention is that the change provided for in Section 288 of the Government of India Act, 1935, should take place on the 1st April, 1937. In other words, the 1st April, 1937, is to be the appointed day on which the Chief Commissioner's Province of Aden will cease to be a part of British India, and it is proposed to provide by Order in Council under Section 288 of the Government of India Act for the administration of Aden from that date. As soon as the Aden Settlement ceases to be part of India it will become a Colony within the definition of " colony " in the Army Act.

I am sending a copy of your letter to me and this reply to Walton at the India Office.

Yours, &c.,

H. R. COWELL.

78060/36 [No. 7]. No. 144.

MR. J. C. WALTON (INDIA OFFICE)

to

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT).

(Copy received in Colonial Office, 11th January, 1936.)

MY DEAR REILLY, Whitehall, S.W.1, 9th January, 1936.

Many thanks for your letter of 26th November*.

The main matters which have to be discussed in connexion with the transfer of Aden are administrative matters of the kind referred to in your letter to Laithwaite of 10th August, 1933, and the subsequent meeting at the India Office on 15th August, 1933†. For the purpose of such discussion it will be quite in time if you come home in June.

There is also the legislative matter of the Order in Council transferring Aden, which has to be settled earlier, but on this the Colonial Office can consult you by mail at the same time as we consult the Government of India.

I enclose copy of correspondence‡ with Cowell which explains the point in regard to the Order in Council in greater detail.

Yours, &c.,

J. C. WALTON.

78060/36 [No. 13]. No. 145.

LIEUTENANT-COLONEL SIR BERNARD REILLY

to

SIR COSMO PARKINSON.

(Received 19th May, 1936.)

MY DEAR PARKINSON, The Residency, Aden, 5th May, 1936.

As it has been proposed that I should go to England this summer to discuss with the India Office and the Colonial Office details connected with the transfer of Aden, I have prepared a note reviewing the fourteen points that were discussed at a meeting at the Foreign Office in 1933, and adding remarks on further questions that appear to me to require consideration and decision before the transfer takes place. I enclose a copy of this note. I also enclose a copy of a Draft Estimate for Aden (as distinct from the Aden Protectorate) showing probable revenue and expenditure after its separation from India.

I am sending copies of my note and of the draft estimate to the India Office and to the Foreign Secretary to the Government of India.

Yours, &c.,

B. R. REILLY.

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* Enclosure No. 2 in No. 139. † No. 22 in Middle East No. 50. ‡ Nos. 139 and 140.

Enclosure in No. 145.

NOTE ON FOURTEEN POINTS CONNECTED WITH THE TRANSFER OF ADEN FROM THE GOVERNMENT OF INDIA TO THE COLONIAL OFFICE DISCUSSED AT THE FOREIGN OFFICE IN 1933, AND ON CERTAIN OTHER POINTS CONNECTED WITH THE SAME QUESTION.

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Point 1. Income Tax.—I consider that the present income tax rates should be continued, as proposed, under an Aden Ordinance to be made by the new Aden Crown Colony Government. A point for consideration is the levy of the present surcharge on income tax and super tax which was introduced by the Government of India as an emergency measure in 1931, and which has subsequently been reduced from 25 to 8⅓ per cent. If this surcharge is to be continued by the Government of India next year, I consider that it should be continued in Aden also, but that its abolition in Aden should be considered when it is abolished in India.

The question of the collection of income tax from firms, companies, and individuals doing business in Aden who have their headquarters or principal branches in India, and who therefore at present pay the income tax arising from the profits of their Aden business in India instead of in Aden, is of great importance, as the question of balancing the future Aden budget will depend to a great extent on the amount of income tax that can be derived from this source. In September, 1933, a statement was sent to the Acting Chief Commissioner at Aden by the Foreign and Political Department of the Government of India showing the approximate amount of income tax and super tax paid on their

Aden business by certain firms having their headquarters at Bombay, Surat and Calcutta, with branches in Aden. The statement was as follows:—

	Bombay.	*Bengal.*	*Total.*
	Net income tax and super tax.	*Net income tax and super tax.*	
	Rs.	Rs.	Rs.
1930-31	31,640	2,49,211	2,80,851
1931-32	8,276	2,00,171	2,08,447
1932-33	1,52,294	99,307	2,51,601

It will be useful if this statement can now be brought up to date. Meanwhile the Income Tax Officer at Aden is requesting the local managers of the Aden branches of firms whose headquarters are in India to be prepared to submit to him separate returns on account of their Aden business before the 1st of April, 1937, for the purpose of income tax assessment.

Point 2. Post Office and Telephones.—In November, 1933, the Foreign and Political Department of the Government of India sent me the following information on this subject:—

"The total receipts and expenditure of Aden head post office and the five post offices under it for the past three years are:—

	Receipts.	*Expenditure.*
	Rs.	*Rs.*
1930-31 ...	1,73,645	1,83,728
1931-32 ...	1,66,546	1,76,921
1932-33 ...	1,61,071	1,79,449

As regards telephones, as the Aden telephone system was taken over by the Indian Posts and Telegraphs Department only from the 1st of July, 1932, when the whole system was reconstructed, it is not possible to give any reliable estimate of profit and loss. From the various estimates which have, however, been prepared from time to time, it is computed that approximately a sum of Rs.1,63,200 has been spent by the Indian Posts and Telegraphs Department on the work of remodelling the system, including capital expenditure on buildings, and on this basis, the annual expenditure on interest, depreciation, maintenance, establishment and overheads, etc., is computed at Rs.42,700, approximately, exclusive of (1) battery charges, (2) hot and cold weather charges, (3) lighting, (4) stationery and printing, and (5) other contingent charges.

"The receipts for the first year are reported to be Rs.58,710, but as already remarked this is based on pure estimates and is susceptible of modification."

It is desirable to bring this information up to date, and to obtain detailed statements of revenue and expenditure for several years. I suggest that this be done through the India Office. With regard to the Post Office figures, I assume that the receipts include the proceeds of the sale of stamps, but I do not know whether the expenditure figures include the cost of printing them. The printing of stamps for Aden will in future presumably be arranged by the Colonial Office, and the cost debited to Aden, and it will be of interest to know what the annual expenditure on this account is likely to be.

With regard to telephones, it will be seen from the Government of India letter that I have quoted that approximately a sum of Rs.1,63,200 was spent in 1932-33 by the Indian Posts and Telegraphs Department on the work of remodelling the system, including the capital expenditure on buildings. It must be decided whether this sum is to be paid to the Government of India by His Majesty's Government or by the new Aden Administration. It appears to me undesirable that the new Colony should commence its existence burdened by a debt of this nature, and I hope therefore that the payment can be made by His Majesty's Government. In this connexion I wish to refer to Point 14 in the minutes of the meeting held at the Foreign Office in 1933, which recorded my suggestion that all Government buildings at Aden should be transferred free of cost by the Government of India to His Majesty's Government (and by the latter to the new Aden Government). If this principle is accepted, the Government of India's expenditure on telephone buildings should be excluded from the sum to be paid to them for the telephone system. A reduction should also be made on account of depreciation of the system during the years since it was installed.

At present, both the Aden Post Office and the Aden Telephones are directly but separately under the control of the Postmaster-General, Bombay, who sends to Aden a Postmaster and an Officer in Charge of Telephones. Neither of these officials is in any way subordinate to the other; their work is conducted independently of each other in Aden, although they are both under the same control in India. After the transfer, it would probably be necessary that both Posts and Telephones should be placed under the combined control of an officer responsible to the new Government, and that there should therefore be an Officer in Charge of Aden Posts and Telephones. I suggest that this officer be obtained on deputation from the Government of India, unless the Colonial Office can supply him. A tentative provision for the cost of his appointment has been made in the Draft Estimates.

An alternative that has been suggested to me is that the Indian Posts and Telegraphs Department should continue to work the Aden Post Offices and Telephones for a few years after the transfer, as I understand was done in the case of the 'Iraq Post Offices. If the administration of the Postal and Telephone Departments is taken over by the new Aden Government, it is probable that additional staff will be necessary in the Post Office for maintaining Exchange accounts, and in the Telephone Department for billing and accounting, work which at present is done in Bombay; and with the appointment of a Director of Posts and Telephones it will still be necessary to have two subordinate officers in separate charge of each of the Departments under the Director. The retention of control by the Indian Posts and Telegraphs Department would obviate the necessity for additional expenditure of this nature. I do not, however, know whether the Indian Department would be prepared to manage the Aden Post Offices and Telephones on behalf of the Aden Government, or, if so, on what terms they would be willing to do so. I suggest, however, that this possibility be examined by the Colonial Office, and that, if there is no objection to it in principle, it should be discussed with the Government of India.

Point 3. Printing and Sale of Stamps.—I have referred to this question under Point 2. Indian postage rates are at present in force in Aden; that is to say, the minimum charge for ordinary letters is (1) One anna to any place in India, (2) 2½ annas to the United Kingdom and all the British possessions participating in the British Imperial postage scheme and (3) 3½ annas to any other part of the world served by foreign post except Ceylon and Portuguese India. I consider that these Indian rates should be continued, at any rate for a time, if this is possible under Colonial administration. An exception may be the rate to India. If the Government of India decide to raise the postage from India to Aden from the first to the second category, it may be necessary for the Aden Government similarly to raise the rate from Aden to India. This change would be unpopular in Aden, especially with the Indian community, many of whom have a large business correspondence with India. It will be more satisfactory if the present postal rates between India and Aden could be preserved by special agreement, and I recommend that the possibility of making an arrangement to this effect be examined.

Point 4. Mail Contract.—It was agreed at the meeting held in 1933 that the India Office should ascertain whether mail steamers must call at Aden under the terms of their contract with the Government of India, and it was proposed that the existing arrangement should, if the Government of India agree, remain unchanged, at any rate for the balance of the period of the Government of India's present mail contract. I do not know what has been done with regard to this matter since the 1933 meeting, but I hope that an arrangement can be made as proposed. Details should also be obtained regarding other payments that have to be made for the conveyance of mails to other destinations than those served by the mail contract and for the on-carriage of mails dropped at Aden for transhipment.

Point 5. Currency.—It was agreed at the 1933 meeting that Aden should continue to use Indian currency, and that, subject to the agreement of the Government of India, arrangements should be made for the supply of necessary currency from India. I do not know whether any further action has been taken on this subject, but I recommend that the Government of India's consent be obtained to the arrangement proposed.

Point 6. Treasury and Finance.—I understand that it is the practice in most Colonies for the budget to be brought forward annually by a Chief, or Colonial, Secretary. This appointment does not exist in Aden at present, and will not exist unless the Administration is reorganized on a Colonial model. I have therefore proposed the appointment of a Treasurer, and I understand that this suggestion was accepted at the 1933 meeting. At that meeting, Mr. Cowell said that he would enquire of the Personnel Division of the Colonial Office as to the probable rate of pay it would be necessary to

offer. If the transfer of Aden is to take place in the early part of next year, I consider that the selection of a Treasurer should be made as soon as possible, to enable him to take up his duties immediately on Aden becoming a Colony. I further suggest that the officer selected be sent to Aden on special duty some months prior to the transfer, to study the financial position of the new Colony and to assist in the preparation of its first budget. With regard to the latter, I shall make some further remarks later in this note.

I have suggested that the Treasurer should be in charge of the Income Tax and Salt and Excise Departments as well as of the Treasury. This would place him in control of all the Government Revenue and Expenditure Departments of the Colony and might involve some rearrangement in the existing superior posts of these Departments. The duties of Treasury Officer and of Collector of Salt and Excise are at present performed by the Extra Assistant Commissioner, an officer on Rs. 500–50–750 a month, who also performs magisterial and administrative duties. Both he and the Income Tax Officer are now nearing their time of retirement. I suggest that the Extra Assistant Commissioner's appointment be revised and re-named, and that it be filled by a junior Colonial Office official, whose duties will be mainly magisterial and who would, as far as possible, be relieved of some of the other work now performed by the Extra Assistant Commissioner. A whole-time Income Tax Officer, however, will still be necessary though he would work under the control of the Treasurer. These are points on which I shall be glad to have the advice of the new Treasurer, which is an additional reason for my request that he should be sent to Aden in advance of the transfer to look into the present system of working these Departments and to advise on any changes that might suitably be made in them.

Point 7. Audit.—It has been proposed to place the Aden accounts under the Director of Colonial Audit, who would send an auditor once or twice a year, a contribution to his salary being made from Aden. It has been assumed that it will be unnecessary to appoint a special local auditor but that a local audit clerk would probably be necessary. The Examiner of Outside Audit of the Bombay Presidency, who paid a recent visit to Aden, advised that a local audit staff of one superintendent and two clerks should be maintained for internal audit. This would be an additional expense, but contributions to the cost could be expected from the Port Trust and Aden Settlement Fund. I suggest that the strength of the local subordinate audit establishment be decided after consultation with the new Treasurer.

Point 8. New Laws and Enactments.—It has been agreed that all existing Indian Laws and Enactments, including the Indian Civil and Criminal Procedure Codes, and procedure should remain in force. This will presumably be effected by means of an Order in Council as in the case of British Somaliland when it was separated from Indian control. With regard to new Laws, it has been proposed that the Governor should be given power, with the consent of the Crown, to enact them, the concurrent power of the Crown to legislate by Order in Council being retained.

There will be an Executive Council, of which I suggest that the following should be *ex officio* members:—

The Governor.
The Air Officer Commanding.
The Political Secretary.
The Civil Secretary.
The Chairman of the Aden Port Trust and Settlement.
The Treasurer.

If non-official members are appointed they should be representative of the different communities in Aden, and they would therefore probably have to be not less than five in number, which would allow for one European, one Indian, two Arabs (as representing the largest community) and one Jew. I do not suggest that this racial allocation should be laid down by regulation, but it would probably be followed in practice by the Governor in making his recommendations. If it is not considered advisable to add these non-official members to the Executive Council at present, they might be made members of an Advisory Council, which would also include the members of the Executive Council, and would be summoned at the Governor's discretion only to discuss matters on which he wished to obtain direct contact with local public opinion.

With regard to the drafting of new Laws or Enactments, it has been proposed that the Governor should ask for the advice of the Colonial Office on drafts prepared with the assistance of the Judicial Assistant at Aden, and that in cases of real urgency or emergency he would have to do the best he could, leaving any errors to be remedied later. In this connexion, I may mention that the designation of Judicial Assistant has been changed in 1933 to District and Sessions Judge, but he still acts in an advisory capacity in legal matters to the Resident and Chief Commissioner, and it should be made

clear in the terms of future appointments that he is to continue to exercise this function for the Governor in addition to his judicial duties. I suggest that " Legal Adviser " be added to the present official designation of this officer.

Point 9. Local Bodies.—It has been agreed that the Aden Port Trust and the Aden Settlement should continue their separate existence and should not be merged in the new local Administration, and I consider that this is the best course.

Point 10. Lighthouses.—At the meeting in London in 1933, the Colonial Office undertook to take up the question of future arrangements in connexion with lighthouses with the Board of Trade. I do not know the result of this consultation, but I adhere to the view that the two lighthouses on Perim Island should be taken over and maintained by the Board of Trade, possibly with a contribution from the Government of India, light dues from ships on their account being collected not at Perim or Aden, but at Suez, as I understand is already done for the upkeep of other lights maintained by the Board of Trade in the Red Sea. The two lighthouses at Aden are at present managed by the Aden Port Trust, the Government of India paying for half the up-keep of one of them. It is possible that the Port Trust would be willing to forgo this contribution from Government, and would undertake the entire upkeep of these two lights from its own funds. In that case no light dues of any kind would be collected from shipping at Aden or Perim, as the present collection of light dues at these places on behalf of the Government of India would presumably cease. This change would be welcome here, as being calculated to enhance the popularity of the Port.

Point 11. Ecclesiastical.—There has been a considerable amount of correspondence on this subject, and I have recently advocated the appointment of Royal Air Force chaplains at Aden and its separation from the Diocese of Bombay. My reason for departing from the recommendation made in my letter of the 10th of August, 1933, that Aden should remain in the Diocese of Bombay, and continue to be served by chaplains of the Indian Ecclesiastical Establishment, was that I was given to understand that it would be impossible to send these Indian Service chaplains to Aden after the transfer except on a voluntary basis, which, in my opinion, would be unworkable. I have, however, now heard from the Bishop of Bombay that he hopes to find a means of overcoming this difficulty. If so, I would gladly revert to my original view that the present ecclesiastical arrangements should continue. This opinion is, however, subject to one reservation. At present the normal establishment here is two chaplains, of whom one is paid wholly by the Government of India and the other is paid in the proportion of one-quarter by the Government of India and three-quarters by the Air Ministry. As at least three-quarters of the members of the Church of England in Aden belong to the Army and Royal Air Force, I consider that the Air Ministry ought to pay three-quarters of the total cost of the Ecclesiastical Establishment. I understand that they are willing to do so for one chaplain but are not prepared to pay any part of the cost of a second chaplain. I do not consider that Aden revenues can justifiably be debited with one and one-quarter of the cost of the chaplains who are here mainly for the benefit of His Majesty's Services, and, if the Air Ministry are not prepared to modify their view, the establishment will have to be reduced from two chaplains to one. In my opinion this would be an undesirable result, as I do not think that one chaplain is sufficient, and the absence of a second chaplain leaves no provision for sickness or short leaves of absence. If it is eventually decided to increase the permanent garrison of Aden, I hope that the Air Ministry will modify their view and will agree to bear a proportionate share of the cost of two chaplains. At present the Air Ministry pay an annual contribution of Rs.450 in respect of the maintenance of Churches and Rs.450 for the maintenance of cemeteries. I recommend that these contributions should continue to be made.

Point 12. Lunatic Asylum.—It was agreed at the 1933 meeting that the best course would be, if the Government of India saw no objection, to permit the existing practice of sending lunatics from Aden to India to continue, possibly for a small agreed payment per head by the new Aden Administration. I do not know whether this matter has been taken up with the Government of India: if not, I suggest that this be done now.

Point 13. Rate of Income Tax.—This has been dealt with under Point 1.

The question whether officers serving under the Civil and Political Administration should pay British income tax depends on the decision with regard to the framing of the budget. If all officers are paid from the Aden budget, and a grant-in-aid received from His Majesty's Government, the officers would be liable to Aden income tax and not to British income tax.

At present the Government of India receive an agreed sum of £500 from His Majesty's Government towards income tax on the salaries of Military and Air Force personnel and Political Officers, who are exempted from Indian income tax. A similar amount may be expected from His Majesty's Government after the separation.

Point 14. Transfer of Government Buildings.—At the 1933 meeting I suggested that the most satisfactory course would be that all Government buildings should be transferred free by the Government of India to His Majesty's Government who would, in their turn, transfer them to the new Aden Administration. This procedure would be in accordance with the course adopted with regard to military buildings at Aden owned by the Government of India when the military control of Aden was transferred to the Air Ministry. Similarly, when the Air Ministry found that some of these buildings were surplus to their requirements, they were returned free of cost to the Government of India, who, in their turn, transferred them free of cost to the Government of Bombay, who handed them over, also free of cost, to the Aden Settlement.

The above remarks refer to the fourteen points that were discussed at the meeting held in London in 1933. I propose now to comment on certain other points which, in my opinion, also require consideration.

Point 15. Budget.—At present the finances of Aden and of the Aden Protectorate are entirely separate, the former being controlled by the Government of India and the latter by the Colonial Office. A budget for Aden is submitted annually to the Foreign and Political Department of the Government of India, and all receipts and expenditure are credited and debited to the Government of India. Aden has no separate financial existence. Income tax due from several firms doing business in Aden is collected from their head offices in India and not from their branches in Aden. The accounts of the Post Office and Telephones and of the Mercantile Marine Department (including Lighthouses), which are directly administered by the Government of India and not through the Chief Commissioner, are dealt with in India and not in Aden, and do not appear in the Aden budget. The latter therefore in its present form is not an accurate presentation of Aden's financial position as a whole. After the transfer there will have to be a comprehensive budget showing all Aden Government revenue and expenditure, and, as both Aden and the Aden Protectorate will then be under the control of the Colonial Office, the question arises whether the Aden and the Aden Protectorate budgets should be combined. This is a point on which I desire instructions. I suggest that there might be one budget divided into two parts—Civil (for Aden) and Political (for the Protectorate). The finances of Aden and of the Aden Protectorate could thus be kept distinct for local purposes, but would be combined in the budget submitted for approval annually to the Colonial Office. A grant-in-aid from His Majesty's Government will be necessary and it should include, in addition to actual expenditure on the Protectorate, all contributions at present made by His Majesty's Government towards civil services, for example, Police, Civil Hospital, Residency and Treasury Establishments. It is hoped that the remaining expenditure on Aden can be met from local revenue, but this will depend largely on:—

(*a*) the amount of income tax that will be realized from firms doing business in Aden which at present do not pay income tax here,

(*b*) the future of the Aden salt industry, and

(*c*) the future position of Aden with regard to trade with Abyssinia which may possibly be diverted from Aden as a result of future developments in that country.

I am submitting, as an accompaniment to this note, a Draft Estimate for an Aden budget (as distinct from the Protectorate) based on the actuals of the last three years and on the assumption that existing expenditure on personnel and service will be maintained, but with the addition of the increased revenue that it is hoped to receive and of increased expenditure that appears to be unavoidable. These increases are calculated on estimates that can at present be only tentative. They will need further examination in the light of fuller information regarding future income tax receipts and the prospects of the salt industry and of the Abyssinian trade, and in relation to whatever decisions are made by His Majesty's Government regarding future administrative personnel and other details of administrative expenditure, such as Ecclesiastical Establishment and lighthouses.

Point 16. Personnel.—In Mr. Cowell's letter to the India Office dated 24th October, 1933*, an assurance was given on behalf of the Colonial Office that all Indian administrative personnel serving in Aden at the time of transfer would be retained on the terms of service under which they were then serving, subject only to modification by mutual

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* No. 35 in Middle East No. 50.

consent, and that it was intended that when vacancies occurred, though there would be a gradual substitution of officers of the Colonial Service in the Aden Service, Indians and officers of the Indian Political Department would remain eligible for appointment to such posts.

In a telegram from the Secretary of State for India to the Viceroy, No. 798, dated 25th March, 1933*, it was stated that His Majesty's Government would be prepared to retain a proportion of Indian Service administrative personnel in Aden Service for some years after the transfer takes place, and it was suggested that posts at present staffed from India might continue so to be filled for about five years from the date of separation in the first instance. If so, not only would officers who are serving in Aden at the time of the transfer be retained, but they would in the ordinary course be relieved by other Indian Service Officers for about five years. It is understood that they would be retained at Aden on Indian rates of pay and on Indian terms of service. Their leave rules would therefore differ from those of officers in Colonial Service. The latter will probably be given leave after 18 months of duty, but Indian Service officers usually do longer spells of continuous duty and then obtain longer periods of leave than is customary in Colonial Service. The question arises as to how leave vacancies in the case of these officers will be filled. In the case of Colonial Service officers now serving at Aden, there is an adequate reserve to enable leave to be taken without the necessity of obtaining other officers for replacement. This is not so in the case of Indian Service officers now in Aden. When one of them goes on leave it will therefore be necessary for the Government of India to replace him by another officer, either temporarily for the period of his leave or substantively. This may have already been arranged between His Majesty's Government and the Government of India, but if not, I suggest that a clear understanding should now be reached on this point.

Indian Service officers may remain at Aden either (*a*) on deputation, or (*b*) by retiring from Indian Service and transferring to Colonial Service.

With regard to (*a*), the conditions under which officers may serve on deputation are laid down in Part VII, Chapter XII read with Appendix 11 of the Government of India Fundamental Rules. Deputation must be on a voluntary basis and officers are entitled to a deputation allowance not exceeding 25 per cent. The Aden Administration would also have to pay contributions to the Government of India towards leave, passages and pensions of these officers. This must be taken into consideration in calculating the cost to the new Administration of retaining Indian Service officers at Aden.

With regard to (*b*), I do not think that officers belonging to Indian cadres are likely to elect for transfer to Colonial Service. I have, however, been informed privately that Mr. J. T. Lawrence, M.A., Indian Civil Service (retired on premature pension), who was Judicial Assistant at Aden from 1927 to 1931, would be willing to return to Aden after its transfer as District and Sessions Judge on any reasonable rate of pay offered to him by the Colonial Office, provided that he will be permitted to continue to draw his Indian pension. The services of an officer such as Mr. Lawrence, who is familiar with Indian law and procedure, who has experience of Aden, and who is still young enough to work energetically in a hot climate, would be very valuable, and they could be obtained comparatively cheaply if his Colonial Service pay were additional to his pension. I hope that this method of recruiting officers for Aden, who are suitable in age and other respects, may be approved by both His Majesty's Government and the Government of India. I may mention incidentally that this principle has been adopted in the case of the present Civil Administrator, Kamaran, who is a retrenched Indian Army Officer drawing his Indian Army pension in addition to a salary in Kamaran.

I attach statements (A and B) showing the present superior and subordinate staffs in the existing Government administrative departments in Aden. In addition to these there are the officers and subordinate staffs of the Aden Port Trust and Aden Settlement, which I assume will remain unchanged. At present the administrative machinery for Aden is entirely distinct from that of the Protectorate, the only connecting link between the two being the Resident and Chief Commissioner. When both Aden and the Protectorate are under the same control by the Colonial Office, it may eventually be decided to modify this dual system by appointing a Chief Secretary and an Assistant Secretary and possibly some junior Political Officers whose work, like that of the Governor, will be concerned with both Aden and the Protectorate, or who will be interchangeable between these two branches of the Aden Government. If so, I suggest that this change should be brought about gradually, and that there should be no immediate alteration in the existing system. At present the Resident and Chief Commissioner has on his immediate staff a Political Secretary responsible to him for Protectorate affairs and a Civil Secretary who deals, under the Chief Commissioner's direction, with Aden affairs. There is no official corresponding to a Chief Secretary, but the Political Secretary is senior to the

* Enclosure in 17960/33 [No. 22]: not printed.

Civil Secretary, and it is established that he acts for the Resident and Chief Commissioner when the latter is absent. This arrangement is open to the objection that the Political Secretary who has at times to act as the head of the dual administration, is familiar with only one side of it. It has, however, the merit of enabling the Political and Civil Secretaries to devote their whole time and attention to their respective spheres, which differ very greatly from each other owing to the strong contrast between conditions in Aden and conditions in the Protectorate. Aden is a small and progressive urban area which includes an important fortress and naval and air force bases, an active commercial community of a variety of races, and a busy fuelling and trading port, and is directly administered under the laws and customs of British India. On the other hand, the Protectorate is not under any form of direct British administration: its more advanced parts are governed by Chiefs under the Moslem Sheria Law, and its backward districts are merely tribal areas, many of which are in a semi-anarchic condition. The officers who deal with Aden and those who deal with the Protectorate have very divergent problems and there is a good deal to be said for letting them specialize in their own particular duties.

After the transfer, officers belonging to the Government of India Services who remain in Aden will be on deputation, unless they transfer to Colonial Service, and it will not be possible to retain them here without their own consent and without that of their departmental superiors in India. I have consulted the principal officers now in Aden with regard to their wishes in the event of the transfer taking place early next year, and remarks on this subject are included in the attached statement A.

I assume that the assurances given by the Colonial Office with regard to terms of service applies also to the Subordinate Services, and that their services under the Government of India will count towards their pension. I should like to be in a position to give an immediate assurance to them to this effect. If this is done I am confident that the majority of the members of the present Subordinate Services in Aden will wish to continue to serve after the transfer. When the members of these Subordinate Services or others, who transfer to the new Administration, retire, their pensions would be payable by the Government of India and the Aden Administration in proportion to their services under the respective Governments.

Those who do not wish to remain and who belong to Services in India will presumably be absorbed into India. Those who have been recruited specially for Aden will wish to know what will happen to them if they are not willing to serve under the Colonial Office, that is to say, whether they will be re-employed in India or be given pensions or proportionate pensions. These are points for the decision of the Government of India.

Point 17. The Governor's Powers.—The financial and administrative powers of the Chief Commissioner are now defined by the Government of India, and there are special provisions dealing with his powers in relation to the Aden Port Trust, which is a statutory body constituted under the Aden Port Trust Act of 1888 (Bombay Act No. V of 1888). The general financial and administrative powers of the future Governor will doubtless be defined by His Majesty's Government, and, in doing so, it should be decided to what extent he will exercise powers now reserved to the Government of India in respect of the Aden Port Trust and in respect of certain Acts and Regulations regarding which the powers of the Chief Commissioner are now limited. I attach a copy of the Government of India Notifications, Nos. 171-N dated 1st April, 1932, and 199-N dated 15th May, 1934, under which the powers of the Chief Commissioner in respect of laws and enactments are at present regulated. The Chief Commissioner's financial powers are defined in Chapter V of Part II of the Government of India Book of Financial Powers.

Point 18. Table of Precedence.—At present the precedence of senior officers serving in Aden is regulated by the Indian Warrant of Precedence. When Aden is separated from India their appointments will disappear in this Warrant, and their precedence must then be regulated by the Colonial Office Administration. Aden being a Naval, Military and Air Force centre, it is necessary to decide relative seniority of civil officials with Naval, Military and Air Force officers. At present the Political Secretary ranks below a Lieutenant-Colonel, the Civil Secretary and District Magistrate ranks with a Major, and the Chairman of the Aden Port Trust ranks between the two. In my opinion, the grading of all these three officers ought to be raised. The Political Secretary should rank with Lieutenant-Colonels, and the Chairman of the Aden Port Trust and Settlement (who holds a most responsible position) might well do the same. The Civil Secretary might also be put on the same grade as the Political Secretary. The District and Sessions Judge at present ranks above Lieutenant-Colonels, and I think that this should remain unchanged. I recommend that his designation under Colonial Administration be Chief Justice and Legal Adviser or Judge and Legal Adviser. I recommend that the opportunity of a change in the Warrant of Precedence be taken to make the alterations that I have

suggested. The Civil Administrative Medical Officer, the Port Officer, and the Commandant of Police at present rank in accordance with their seniority in their own Services, all three at present being graded with Lieutenant-Colonels. As long as these posts are filled by officers of the Indian Services this practice might continue; but in view of possible changes in future I suggest that the appointments of Civil Administrative Medical Officer and Port Officer be classed with Lieutenant-Colonels and that of the Commandant of Police between Lieutenant-Colonels and Majors.

The officer in charge of the Aden Administration is now the Resident, Chief Commissioner and Commander-in-Chief, being Resident in respect of the Protectorate and Chief Commissioner in respect of Aden. I understand that it is the intention of His Majesty's Government that he will in future be termed Governor and Commander-in-Chief, this designation being in respect of both Aden and the Protectorate. At present he ranks 13 in the Indian Warrant of Precedence and is entitled to a salute of 13 guns. After the transfer his appointment will disappear from the Indian Warrant and I presume that his salute will be increased to 17 guns in accordance with paragraph 52 of the King's Regulations and Admiralty Instructions. Visits of British and Foreign warships are frequent at Aden and calls between the Resident and Commander-in-Chief and Naval Officers are regulated by paragraph 99 of the King's Regulations and Admiralty Instructions. The practice in this respect will be altered if the Resident is given the status of the Governor.

The Air Officer Commanding at Aden now ranks at 33 in the Indian Warrant: in future he will presumably rank in Aden immediately after the Governor.

It will be necessary to give the Treasurer a position in the new Warrant and this will depend on the relative seniority that he should hold in respect of other civil officials and of Naval, Military and Air Force officers in Aden, and on the position that he will hold as a member of the Executive Council.

At present the two Political Officers, the Frontier Officer, the Education Officer, the Civil Surgeon, the Assistant Commandant of Police and the Extra Assistant Commissioner have no positions in the Warrant, and it is for consideration whether any or all of these officers ought to be graded.

Point 19. Perim and Kamaran.—Perim is British Indian territory and administratively part of Aden, and it will therefore be included in the transfer.

Kamaran is not British or British Indian territory but it is administered by a Civil Administrator controlled by the Government of India through the Chief Commissioner at Aden, and its staff is largely drawn from India. The question of its future control must now be decided. If His Majesty's Government take over the Government of India's responsibility for this Island, the Anglo-Dutch Agreement of 1927 (renewed in 1935) will be affected. If this change is made, it should be arranged that staff should still be drawn from India as required.

Point 20. New Buildings.—There is a shortage in houses in Aden and it has for some time been difficult to arrange for residences for all the superior staff. This deficiency has been aggravated by the increase in the number of Colonial Service Officers in Aden and will be still more felt when the Treasurer is appointed. New houses are required for the following officers:—

(1) The Treasurer.

(2) The Commandant of Police (who at present has to live in a hotel).

(3) The Frontier Officer (who at present rents a house belonging to the Settlement which is much needed to house the Municipal Engineer).

(4) The Second Political Officer (who at present has no house).

In addition, the house at present occupied by the District and Sessions Judge is old and in very bad repair, and should be reconstructed. Other buildings that are much needed are:—

(1) to house the Government Secondary School (thus relieving the present congestion in the main Government school buildings),

(2) a substantial addition to the Residency. This is at present a single storey bungalow, rooms in which are large but too few in number. An addition of a second storey would add very greatly to the convenience and comfort and appearance of the official residence of the Governor, and will be of great assistance to him in his official entertainments and in accommodating distinguished visitors to Aden;

(3) a further extension to the Residency Office (Secretariat) building. The addition recently made has relieved the congestion as far as officers are concerned, but not as regards the clerical staff. The Confidential Clerk works in a

very small room, which is crowded with Confidential records, and his assistant has to work in the general office. There is no visitor's room, and visitors have to wait on the verandah.

Most of the Residency Office furniture is very old, and needs replacement;

(4) an extension to the Court and Treasury building, in which the existing accommodation is very inadequate.

The Civil Secretary and First Political Officer now live in privately owned rented houses. This is not a satisfactory arrangement as the landlords frequently fail to keep the houses in proper repair and as the officers concerned are liable to notices to quit. It would be preferable if these houses were owned by Government and I am in favour of their being purchased and put into proper condition.

In my opinion the Governor should have an official motor launch. At present I have none, and distinguished visitors, of whom many pass through Aden, have to be brought ashore in a launch borrowed either from the Air Officer Commanding or from the Aden Port Trust or in the Police launch.

I suggest for consideration that His Majesty's Government should make a special grant on the occasion of the transfer to enable these requirements to be met, and so to assist Aden in making a creditable start under its new form of Administration.

Point 21. Printing Press.—The question of the establishment of a Government Printing Press at Aden may be considered. At present Government printing for Aden is done in the Government Presses in India, and in the local private Presses. It will be convenient if the new Aden Government has its own Printing Press, as the printing of confidential documents is often urgently required, and it is not desirable to entrust this to private Presses. Information is now being collected for an estimate of capital and recurring expenditure. The capital cost might perhaps be included in the special grant which it is suggested should be made by His Majesty's Government on the occasion of the transfer. The recurring expenditure would not be excessive.

Point 22. General Provident Fund.—At present Government servants in Aden who belong to Indian Services, both Superior and Subordinate, are entitled to contribute to the General Provident Fund maintained by the Government of India for the benefit of their families. Government contribute nothing towards this Fund, but they pay interest on it, the rate of which is determined by the Government of India from year to year and is generally between 4 and 5 per cent. I recommend that sums in this Fund standing to the credit of Government servants in Aden, who are transferred (not lent on deputation) to the new Aden Administration should be handed over from the Indian Fund to a new General Provident Fund to be maintained on the same lines by the Aden Administration, to which Aden Government servants would continue to be able to contribute. This would mainly affect the Subordinate Services.

Point 23. Savings Bank.—At present the Government of India have a Savings Bank administered by the Postal Department. This Savings Bank is a great help to middle class people, including subordinate Government servants, who deposit their small savings there. As there are no other banking facilities for small depositors in Aden it is desirable that this Bank should be continued under the new Administration. The Somaliland Government, it is believed, maintain a similar Bank.

Point 24. Cash Certificates.—At present the Government of India issue Cash Certificates, which are in the form of a loan, cashable in five years. As this system is closely connected with the borrowing policy of the Government of India, such a system for a small Colony would not be practicable. I suggest, however, that it be arranged with the Government of India that facilities be given to existing holders of these certificates to cash them in Aden on maturity.

Point 25. Postal Insurance.—At present the Government of India have a Life Insurance Fund administered through the Indian Posts and Telegraphs Department for the benefit of all Government servants. It would not be possible for the new Government to institute a similar Fund. It is, however, desirable that an arrangement be made for receiving premia from present policy holders at the Aden Treasury for remittance to the Government of India.

Point 26. Judicial and Revenue Stamps.—Indian Court Fee, Notarial and Revenue stamps are at present used in Aden. Presumably new stamps will be printed for Aden, and existing stocks will be returned to India when the new ones will be printed.

Point 27. New Flag.—At present the " Viceroy's Union " is flown by the Chief Commissioner. The use of this Flag will be discontinued after the transfer, and a new flag should be authorized.

B. R. R.

5th May, 1936.

STATEMENT "A."

	Name.	*Designation.*	*Date of appointment.*	*Rate of pay and allowances.*	*Present pay.*	*No. of years service on 1.4.1936.*	*Pensionable or non-pensionable.*	*Whether recruited in India or Aden.*	*Remarks.*
General Administration.	Capt. M. C. Sinclair, Foreign and Political Department.	Civil Secretary and District Magistrate.	16.9.1935	Rs.500–Rs.2,250, Overseas Sterling Pay Rs. 150 – Rs. 300, Special Pay Rs.100, Compensatory Allowance Rs.100.	Rs.1,800, £30 Overseas Sterling Pay, Rs.100 Special Pay, Rs.100 Compensatory Allowance.	15½ years	Pensionable	England	Would be willing to remain for a time on deputation.
	Mr. A. F. Ferram, I.S.O.	Extra Assistant Commissioner.	1.9.1932	Rs.500–50–Rs.750, Permanent Travelling Allowance Rs.75.	Rs.750, Rs.75 Permanent Travelling Allowance.	29 years	Do.	Aden	Due to retire under age limit in November, 1936, but wishes to have a year's extension, if permitted.
	Mr. P. C. Davey ..	A.D.C. and Private Secretary.	3.3.1936	Rs.6,800 per annum ..	Rs. 566–10–8	—	Non-pensionable.	Aden	Appointed in April, 1936, for a year. Extension of his appointment recommended.
Judicial	Mr. G. B. Constantine, Indian Civil Service.	District and Sessions Judge.	2.2.1936	Rs.450–Rs.2,250, Special Pay Rs.250, Overseas Sterling Pay £15–30.	Rs.1,275, Rs.250 Aden Allowance, £25 Overseas Sterling Pay.	7½ years.	Pensionable	England	Would be willing to remain for a time on deputation.
	Mr. M. Yaseen Khan ..	Registrar, Judge Small Causes Court and First Class Magistrate.	1.4.1920	Rs. 300 – 50/2 – Rs. 750, Compensatory Allowance Rs.100, Conveyance Allowance Rs.50.	Rs.700, Rs.100 Conveyance Allowance, Rs.100 Compensatory Allowance.	17 years 5 months	Do.	India	Would like to remain in his present post under the new administration unless the Government of India can give him equivalent employment in India.
Local Bodies ..	Mr. J. V. Alexander, M.I.C.E.	Chairman, Aden Port Trust and Aden Settlement.	28.4.1934	Rs.1,750–50–Rs.2,000, Conveyance Allowance Rs.150.	Rs.1,800, Conveyance Allowance Rs.150.	15 years 10 months	Non-pensionable.	England	Does not belong to an Indian Service and should remain in his present position.
Medical	Lt.-Col. E. S. Phipson, C.I.E., D.S.O., Indian Medical Service.	Civil Administrative Medical Officer, Port Health Officer and Medical Officer in Charge, European General Hospital.	23.7.1923	Rs.500–Rs.1,850 ..	Rs.1,850 (maximum), Rs.250 Additional Pay, Rs.150 Special Pay, Rs.150 Honoraria for issue of Bills of Health and Sunday and holiday fees, 56 days per annum @ Rs.83/5 per day.	27½ years	Pensionable	India	Would be willing to remain for a time on deputation.
	Dr. D. D. Variava, O.B.E., Bombay Medical Service, Class I.	Civil Surgeon	24.11.1928	Rs.500 – 50 – Rs.900 – Rs.1,000, Special Pay Rs.100, Jail Allowance Rs.100.	Rs.900, Rs.100 Special Pay, Rs.100 Jail Allowance.	21 years 5 months	Do.	India	Would be willing to remain on deputation.
	Captain J. V. Braganza, Indian Medical Department.	Resident Medical Officer, European General Hospital.	24.1.1935	Rs.200–Rs.700 ..	Pay Rs.650, Special Pay Rs.200, Staff Allowance Rs.30, Seamen's Allowance Rs.10, Purveyor's Rs.10, Compensatory Allowance Rs.40.	31 years 7 months	Do.	India	Willing to remain on if permitted to draw his Indian pension simultaneously with his Colonial Service pay.

	Miss E. H. Brooks ..	Lady Doctor, Civil Hospital.	7.4.1932	Rs.400 – 25 – Rs.600, Rs.60 House Rent.	Rs.475	3 years 11 months	Pensionable	India	Belongs to no Indian Service and should remain in her present appointment.
Police	Mr. R. H. Haslam, Indian Police.	Commandant of Police..	20.11.1928	Rs.650–Rs.1,450, Overseas Sterling Pay £30, Special Pay Rs.200, Conveyance Allowance Rs.200.	Rs.1,200 and £30 Overseas Sterling Pay.	22 years 4 months	Do.	England	Has completed 7½ years service in Aden, and should be replaced by another Indian Police Officer during the present year. His successor should remain for a time on deputation, if suitable.
	Captain G. V. Ropner ..	Assistant Commandant of Police.	26.8.1930	Rs.925–950–Rs.1,000, Aden Allowance Rs.150, Car Allowance Rs.150.	Rs.1,000, Rs.150 Aden Allowance, Rs.150 Car Allowance.	5 years 7 months	Non-pensionable.	England	Retired Indian Army Officer, who does not belong to any Indian Service and is serving in Aden under a special agreement. He should remain in his present post.
Mercantile Marine Department.	Commander L. S. Wadeson, Royal Indian Navy.	Principal Officer, Mercantile Marine Department, Deputy Conservator of Port, Superintendent of Lighthouses, Sea Transport Officer.	24.6.1934	—	Rs.900 and Rs.620 Staff Allowance.	28 years	Pensionable	Do.	Would be willing to remain for a time on deputation.
*Education .. .. ..

STATEMENT " B."

No. **2494**, *dated Aden,* **11***th April,* **1935.**

Notification.

In exercise of the power conferred by rule 20 of the Civil Services (Classification, Control and Appeal) Rules, the Chief Commissioner is pleased to make the following rule for the classification into Subordinate Services of persons under his administrative control to whom those rules apply.

Rule.

The Subordinate Services in the Aden Administration shall consist of the services included in the annexed schedule.

Schedule.

1. Subordinate Salt and Excise Service.
2. Subordinate Medical Service.
3. Subordinate Jails Service.
4. Subordinate Educational Service.
5. General Subordinate Service.

No. **2495**, *dated Aden, the* **11***th April,* **1935.**

[*See also* amendments in Notice No. 5909.]

In exercise of the powers conferred by rule 44 of the Civil Services (Classification, Control and Appeal) Rules, the Chief Commissioner is pleased to make the following rule :—

Rule.

The strength, including the number and character of posts, and the rates of pay and allowance, of the Subordinate Services included in the Schedule below shall be as shown therein :—

SUBORDINATE SALT AND EXCISE SERVICE.

Strength.		*Monthly rates of pay in successive stages of twelve months' service.*		*Posts carrying special pay in addition to pay on time-scale.*	
Posts for duty	30				
Posts for leave and training reserve	—				
Total	30				
Number and character of post.		*Stages.*	*Pay.*	*Posts.*	*Special pay per mensem.*
1		2	3	4	5
Inspector (Rs.200–10–300)	1	1	200	1	Rs.50 S.P.
		2	210		,, 50 Comp. Allce.
		3	220		,, 60 P.T.A.
		4	230		
		5	240		
		6	250		
		7	260		
		8	270		
		9	280		
		10	290		
		11 and over	300		
Gauger. (Rs.130–10/2–180)	1	1	130		
		2	130		
		3	140		
		4	140		
		5	150		
		6	150		
		7	160		
		8	160		
		9	170		
		10	170		
		11 and over	180		

SUBORDINATE SALT AND EXCISE SERVICE—*continued.*

1		2	3	4	5
Assistant Inspector (Rs.85-5/2-100)	1	1	85		
		2	85		
		3	90		
		4	90		
		5	95		
		6	95		
		7 and over	100		
Sub-Inspectors (Rs.50-3-80)	3	1	50		
		2	53		
		3	56		
		4	59		
		5	62		
		6	65		
		7	68		
		8	71		
		9	74		
		10	77		
		11 and over	80		
Havildars	3		Rs.34		
Naik	1		,, 29		
Peons	20	On different scales of pay varying from Rs.20 to Rs.24			

Note 1 : Gauger draws House rent allowance of Rs.30 per month and compensatory allowance of Rs.30 per month.

Note 2 : Havildars : Salt 1
Excise 2
3

Naik (Excise) 1

Peons (Salt) 5
,, (Excise) 15
20

} Draw House Rent of Rs.3/- each p.m.

SUBORDINATE MEDICAL SERVICE.

Strength. Posts for duty .. .. 6 Posts for leave and training reserve .. .. Total 6	*Monthly rates of pay in successive stages of twelve months' service.*		*Posts carrying special pay in addition to pay on time-scale.*	
Number and character of posts.	*Stages.*	*Pay.*	*Posts.*	*Special pay per mensem.*
1	2	3	4	5
Subordinate Medical Service Officers (Rs.60–7–200). } 6	1	60		
	2	67		
	3	74		
	4	81		
	5	88		
	6	95		
	Efficiency	Bar.		
	7	102		
	8	109		
	9	116		
	10	123		
	11	130		
	Efficiency	Bar.		
	12	137		
	13	144		
	14	151		
	15	158		
	16	165		
	17	172		
	18	179		
	19	186		
	20	193		
	21 and over	200		

Note 1 : Compensatory allowances are granted as follows :—

S. M. S. Officers of 11 years' service and above—Rs.60 p.m.
,, ,, below ,, ,, Rs.40 ,,

Note 2 : S. M. S. Officer in sub-charge at the European General Hospital and at the Civil Hospital (1) draw Rs.20 sub-charge allowance per month.
One S. M. S. Officer at the Civil Hospital draws Rs.20/- for sub-charge of military ward.

Note 3 : S. M. S. Officers posted to the European General Hospital draw Rs.5 each—compensation for cost of living at Steamer Point.

Note 4 : All the posts are filled by officers of the Bombay Subordinate Medical Service.

SUBORDINATE JAILS SERVICE.

Strength.		*Monthly rates of pay in successive stages of twelve months' service.*		*Posts carrying special pay in addition to pay on time-scale.*	
Posts and duty	17				
Posts for leave and training reserve	—				
Total	17				
Number and character of posts.		*Stages.*	*Pay.*	*Posts.*	*Special pay per mensem.*
1		2	3	4	5
Jailor (Rs.100–5–200).	1	1	100	1	Rs.18/– p.m.
		2	105		
		3	110		
		4	115		
		5	120		
		6	125		
		7	130		
		8	135		
		9	140		
		10	145		
		11	150		
		12	155		
		13	160		
		14	165		
		15	170		
		16	175		
		17	180		
		18	185		
		19	190		
		20	195		
		21 and over	200		
Jamadar (Rs.40–1–45).	1	1	40		
		2	41		
		3	42		
		4	43		
		5	44		
		6 and over	45		
Quartermaster Havildar	1	—	32		
Lance Naiks	2	—	27		
Sepoys	12	On different rates of pay varying from Rs.24 to 25.			

Note 1 : The Jailor draws the following allowances :—

Compensatory Rs.17 per month.
Clothing .. Rs.3–12 per month.

The Jamadar, Quartermaster Havildar, Lance Naiks and Sepoys all draw Local allowance of Rs.4 per month each.

Strength. Posts for duty .. .. 27 Posts for leave and training reserve .. Total 27	*Monthly rates of pay in successive stages of twelve months' service.*		*Posts carrying special pay in addition to pay on time-scale.*	
Number and character of posts.	*Stage.*	*Pay.*	*Posts.*	*Special pay per mensem.*
1	2	3	4	5
Anglo Vernacular School.				
Scoutmaster 1 (Rs.200-10-300).	1	200		
	2	210		
	3	220		
	4	230		
	5	240		
	6	250		
	7	260		
	8	270		
	9	280		
	10	290		
	11 and over	300		
Senior Assistant Master 1 (Rs.125–5–150–E.B. 5–175).	1	125		
	2	130		
	3	135		
	4	140		
	5	145		
	6	150		
	Efficiency	Bar.		
	7	155		
	8	160		
	9	165		
	10	170		
	11 and over	175		
Commercial Teacher 1 (Rs.70–5–120–E.B. 140–10–200)	1	70		
	2	75		
	3	80		
	4	85		
	5	90		
	6	95		
	7	100		
	8	105		
	9	110		
	10	115		
	11	120		
	Efficiency	Bar.		
	12	140		
	13	150		
	14	160		
	15	170		
	16	180		
	17	190		
	18 and over	200		
Junior Assistant Masters 3 Drawing Master 1 (Rs.75–5–125–E.B. 5–150).	1	75		
	2	80		
	3	85		
	4	90		
	5	95		
	6	100		
	7	105		
	8	110		
	9	115		
	10	120		
	11	125		
	Efficiency	Bar.		

1		2	3	4	5
		12	130		
		13	135		
		14	140		
		15	145		
		16 and over	150		
Primary Schools.					
Headmasters (Rs.60–5–80–E.B–5–100).	4	1	60		
		2	65		
		3	70		
		4	75		
		5	80		
		Efficiency Bar.			
		6	85		
		7	90		
		8	95		
		9 and over	100		
Senior Assistant Masters (Rs.45–3–60–E.B–5–70).	4	1	45		
		2	48		
		3	51		
		4	54		
		5	57		
		6	60		
		Efficiency Bar.			
		7	65		
		8 and over	70		
Junior Assistant Masters (Rs.35–2–45).	8	1	35		
		2	37		
		3	39		
		4	41		
		5	43		
		6 and over	45		
Infant Class Teachers (Rs.25–2–35).	4	1	25		
		2	27		
		3	29		
		4	31		
		5	33		
		6 and over	35		

GENERAL SUBORDINATE SERVICE.

Number and character of posts.			*Residency.*	*Treasury.*	*Trade Regn.*	*Perm.*	*Court.*	*Registration.*	*Police.*	*Salt and Excise.*	*Medical.*	*Port Health.*	*Jail.*	*Educational.*	*Ecclesiastical.*	*Veterinary.*
Superintendent (Rs.325–20–425)	..	1	1													
Clerks	..		2													
Interpreter	..		1													
Stenographer (Rs.200–10–300)	..	6	1													
Head Accountant	..			1												
Registrar of Trade	..				1											
Treasurer	..			1												
Clerks (Rs.150–5–200)	..	3					1		1							
Clerks (Rs.150–5–180)	..	4	3		1											
Accountant (Rs.105–5–150)	..	1							1							
Clerks	..		2	1			2									
Nazir (Rs.105–5–140)	..	6					1									
Clerks (Rs.40–5–80–7–150)	..	2	2													
Clerk (Rs.100–5–125)	..	1											1			
Clerks (Rs.85–5/2–100)	..	12	2	2	3		2		1		1			1		
Qazi	..	1					1									
Clerks (Rs.60–5–150)	..	2									2					
Clerks (Rs.60–5–100)	..	3							3							
Clerks			4	2	2		4		8	1				1		
Assistant Shroff (Rs.50–3–80)	..	25		1												
Interpreters							2									
Veterinary Inspector (250–10–350)	..															1
Sub-Registrar (80–5–120)	..							1								
Clerk (Rs.80 plus 12 S.P.)	..	1							1							
Bailiffs (Rs.30–3–60)	..	2					2									
Money Testor (Rs.30–3–45)	..	1		1												
Compounders (Rs.25–5/2–75)	..	3									3					
Dressers	..	2									2					
Interpreter (Rs.35)	..	1									1					
Launch Drivers (Rs.80)	..	2							2							
Launch Driver (Rs.70)	..	1										1				
Succanis (Rs.45)	..	3							2			1				
Lascars (Rs.32 plus S. P. Rs. 3)	..	2							2							
Prison Van Driver (Rs.50)	..	1							1							
Qazi (Rs.15)	..	1				1										
Lascar, and	..	1										1				
Menial Servants	..	92	22	5	3	1	6	1	3	–	35	3	–	8	5	–
(On different rates of pay varying from Rs.15 to Rs.28).																
		182														

Allowances, etc.

Residency Office :—

Superintendent	Rs.30 per month House Rent allowance.
Confidential clerk	Rs.45 per month ,, ,, ,,
Stenographer	Rs.30 per month ,, ,, ,,

Trade Registration Dept. :—

Registrar of Trade	Rs.30 per month House Rent allowance. Rs.30 per month Permanent Travelling allowance.

Court :—

Qadi of Aden	Rs.18/- per month House Rent allowance.
Two Bailiffs	Rs.25 per month Permanent Travelling Allowance.

Police :—

One clerk	Rs.20 per month for doing Passport work.

Medical :—

Three clerks	Rs.20 per month House Rent allowance.
One clerk	Rs.10 per month Special Pay.
One compounder	Rs.10 per month House Rent allowance.

Port Health :—

Launch Driver and Succanis each draw Rs.12 House Rent allowance.
Three menials Rs. 4 Local allowance.

By order of the Chief Commissioner,

T. HICKINBOTHAM,

Civil Secretary.

No. 5909, dated Aden, 26th August, 1935.

CORRIGENDA.

In the Schedule annexed to the Rule published under this Residency Notification No. 2495, dated the 11th April, 1935, in Aden Gazette No. 8, dated the 13th April, 1935, the following amendments shall be made :—

I. Under the head " Subordinate Salt and Excise Service," for the existing entries the following entries shall be substituted, namely :—

Number and character of posts.		*Stages.*	*Pay.*	*Posts.*	*Special pay per mensem.*
1		2	3	4	5
Inspector (Rs.200–15/2–275).	1	1	200	1	Rs.50 S.P. Rs.60 P.T.A.
		2	200		
		3	215		
		4	215		
		5	230		
		6	230		
		7	245		
		8	245		
		9	260		
		10	260		
		11 and over	275		
Gauger (Rs.130–10/2–180).	1	1	130		
		2	130		
		3	140		
		4	140		
		5	150		
		6	150		
		7	160		
		8	160		
		9	170		
		10	170		
		11 and over	180		
Assistant Inspector (Rs.95–5–135).	1	1	95		
		2	100		
		3	105		
		4	110		
		5	115		
		6	120		
		7	125		
		8	130		
		9 and over	135		
Sub-Inspectors (Rs.70–5/2–90).	3	1	70		
		2	70		
		3	75		
		4	75		
		5	80		
		6	80		
		7	85		
		8	85		
		9 and over	90		

II. Under the head " Subordinate Educational Service " :—

(i) For the existing entry " Commercial Teacher (Rs.70–5–120 E.B. 140–10–200) . . . . 1," occurring in column 1, the entry " Senior Assistant Master (Rs.70–5–120 E.B. 5–140–10–200) . . . . 1," shall be substituted.

(ii) At the end of the entries relating to the said Service, the following Note shall be inserted :—

" Note 1 : The Senior Assistant Master Teaching Commercial Subjects draws a Compensatory Allowance of Rs.50/– per mensem."

III. Under the head " General Subordinate Service " :—

(i) For the figure " 3 " occurring against the entry " Clerks (Rs.150–5–200) " the figure " 4 " shall be substituted, and against this entry in column " Residency " the figure " 1 " shall be inserted.

(ii) For the figure " 4 " occurring against the entry " Clerks (Rs.150–5–180) the figure " 3 " shall be substituted, and against this entry in column " Residency " for the figure " 3 " the figure " 2 " shall be substituted.

(iii) After the entry " Nazir (Rs.105–5–140) " a new entry " Clerk (Rs.100–5–150) ....1 " shall be inserted, and against this latter entry in column " Residency " the figure " 1 " shall be inserted.

(iv) For the figure " 2 " occurring against the entry " Clerks (Rs.40–5–80–7–150) " the figure " 1 " shall be substituted, and against this entry in column " Residency " for the figure " 2 " the figure " 1 " shall be substituted.

(v) After the entry " Qazi (Rs.85–5/2–100) " a new entry " Clerk (Rs.75–2½–100) ....1 " shall be inserted, and against this latter entry in column " Residency " the figure " 1 " shall be inserted.

(vi) After the entry " Clerks (Rs.60–5–100) " a new entry " Clerks (Rs.50–5–80) ....3 " shall be inserted, and against this latter entry in column " Residency " the figure " 3 " shall be inserted.

(vii) For the figure " 25 " occurring against the entry " Clerks, etc. (Rs.50–3–80) " the figure " 21 " shall be substituted, and the figure " 4 " occurring against this item in column " Residency " shall be deleted.

(viii) After the entry " Clerks, etc. (Rs.50–3–80) " a new entry " Clerks (Rs.50–3–74) ....2 " shall be inserted, and against this latter entry in column " Residency " the figure " 2 " shall be inserted.

IV. Under the head " Allowances, etc." occurring at the end of the said Schedule under the sub-head " Residency Office " the following new entry shall be added :—

" Head Interpreter ....Rs.50/– per month Personal Allowance."

By order of the Ag. Chief Commissioner,

T. HICKINBOTHAM,

Civil Secretary.

New Delhi, the 1st April, 1932.

No. 171–N.—In exercise of the power conferred by section 3 of the Aden Laws Regulation, 1932 (2 of 1932), the Governor-General in Council is pleased to direct that the powers or duties conferred or imposed on the local Government under the enactments specified in the Schedule hereto annexed shall be exercised or performed by the Governor-General in Council and not by the Chief Commissioner of Aden.

SCHEDULE.

Acts of the Governor-General in Council.

1. The Code of Criminal Procedure, 1898 (V of 1898), sections 401 and 402.

2. The Indian Ports Act, 1908 (XV of 1908), sections 4, 5, 6, 7, 17 (1), 33 (1), (2) and (3), 34, 35, 36 (1) and (2) and (5) (*c*) and (*d*) and (6), 37 (1) and (2), 46, 47, 49, 50 and 64.

Acts of the Governor of Bombay in Council.

3. The Bombay Abkari Act, 1878 (V of 1878), sections 9, 19, 20, 30 and 35 (1).

4. The Aden Port Trust Act, 1888 (Bombay V of 1888), sections 3, 5, 6, 11A, 13 (*d*), 14 (1), 19 (4) (*b*), 20 proviso (*a*), 24 (1), 25 (2) (*a*), (*b*) and (*c*), 27 (2), 40 (2), 57, 58 (*c*), 61, 62, 63, 65 (1) and (3), 66 (2), 76, 77, 78, 79 (1) and (2) and 80.

5. The Bombay District Police Act, 1890 (IV of 1890)—All powers of the local Government except those under section 39A.

E. B. HOWELL,

Foreign Secretary to the Government of India.

No. 3877, dated Aden, the 18th June, 1934.

The following Notification by the Government of India in the Foreign and Political Department is republished for general information.

Simla, 15th May, 1934.

No. 199-N.—In exercise of the power conferred by section 3 of the Aden Laws Regulation, 1932 (II of 1932), the Governor-General in Council is pleased to direct that the following amendment shall be made in the Notification of the Government of India in the Foreign and Political Department, No. 171-N, dated the 1st April, 1932, namely:—

For the Schedule to the said Notification the following Schedule shall be substituted, namely:—

SCHEDULE

Acts of the Governor-General in Council.

1. The Indian Penal Code, 1860 (Act XLV of 1860), sections 54 and 55.
2. The Court Fees Act, 1870 (VII of 1870), sections 20 and 22.
3. The Suits Valuation Act, 1887 (VII of 1887), section 9.
4. The Guardians and Wards Act, 1890 (VIII of 1890), section 50.
5. The Code of Criminal Procedure, 1898 (Act V of 1898), sections 335, 401, 402 and 554.
6. The Indian Extradition Act, 1903 (XV of 1903), sections 3, 4, 5, 6 and 19 (*a*).
7. The Indian Ports Act, 1908 (XV of 1908), sections 4, 5, 6, 7, 17(1), 33(1), (2) and (3), 34, 35, 36(1) and (2) and (5) (*c*) and (6), 37(1) and (2), 46, 47, 49, 50 and 64.
8. The Destruction of Records Act, 1917 (V of 1917), section 3.

Acts of the Indian Legislature.

9. The Indian Succession Act, 1925 (XXXIX of 1925), section 300.
10. The Indian Bar Councils Act, 1926 (XXXVIII of 1926), section 13.

Regulation made by the Governor-General of India in Council.

11. The Aden Arms (Sea-traffic) Regulation, 1910 (III of 1910), sections 4, 5, 6, 8, 12 and 13.

Acts of the Governor of Bombay in Council.

12. The Bombay Abkari Act, 1878 (Bombay Act V of 1878), sections 9, 19, 20, 30 and 35(1).
13. The Aden Port Trust Act, 1888 (Bombay Act V of 1888), sections 3, 5, 6, 7, 11A, 13 (*d*), 14(1), 19(4) (*b*), 20, proviso (*a*), 25(2) (*a*) and (*b*), 27(2), 40(2), 57, 58 (*g*), 61, 62, 63, 64(2), 65(1) and (3), 66(2), 76, 77, 78, 79(1) and (2) and 80.
14. The Bombay District Police Act, 1890 (Bombay Act IV of 1890)—All powers of the local Government except those under section 39A.

Bombay Regulation.

15. The State Prisoners Regulation, 1827 (Bombay Regulation XXV of 1827), sections 1, 2, 3, 4, 5, 7 and 9.

(Signed) E. A. F. METCALFE,
Foreign Secretary to the Government of India.

Draft Estimates for a future budget have been prepared, based on the figures of revenue and expenditure of the last three years, 1932-33 to 1934-35, and on anticipated revenue and expenditure after the transfer.

Leave and Pension Contributions for Gazetted Officers lent by the Government of India on deputation to the Aden Administration have been calculated at 40 per cent throughout in accordance with Fundamental Rule 116, Government of India's decision (1)(ii), and in the case of subordinate Establishments at 12½ per cent (or $\frac{1}{8}$th) Deputation allowances have been calculated at 20 per cent of the pay of the officers concerned.

(1) *General Administration.* As the Civil Secretary is an officer of the Foreign and Political Department of the Government of India, Pension and Leave Contributions, Passage and Deputation allowance have been provided.

2. (*a*) *District Administration.* Pay for Government Agent, Perim, has been provided at the present rate of Rs.500/- *per mensem* as allowance. Proposals for the future arrangements are under consideration.

Leave and Pension Contributions and Deputation allowance for the Extra Assistant Commissioner have not been provided as he is a locally recruited Officer, and does not belong to any Indian cadre.

On the revenue side, the sum of Rs.1,692 will probably disappear if the Settlement appoint an officer of their own as Superintendent of Sheikh Othman.

(*c*) *Aden Treasury.* No provision has been made for pay of officers, as the Extra Assistant Commissioner is in charge of the Department.

(*d*) *Trade Registration Department.* No provision has been made for pay of officers, as the Department is in charge of the Secretary, Aden Port Trust, who receives no extra remuneration.

(3) *Excise.* No provision for pay of officers has been made, as the Department is in charge of the Extra Assistant Commissioner.

(4) *Stamps.* Cost of printing which is not known has to be taken into account.

(5) *Registration.* No provision has been made for the pay of officers, as the District and Sessions Judge is in charge of the Department and receives no extra remuneration.

(6) *Administration of Justice.* No provision has been made for leave and pension contributions and deputation allowance of the Registrar, as he does not belong to any Indian cadre.

(7) *Aden District Prison.* The Civil Surgeon is *ex officio* in charge of the Department and receives a charge allowance of Rs.100/- *per mensem.*

A sum of Rs.1,000/- has been provided as supervision charges payable to the Bombay Government. This item will probably be eliminated on transfer.

(8) *Police.* A contribution of £8,000/- received from His Majesty's Government on account of Armed Police has been entered on the Revenue side.

(9) *Ecclesiastical Department.* Proposals are under consideration. At present the Air Ministry pay ¾ths of the pay of one Chaplain, and a contribution of Rs.450/- for Maintenance of Churches, and Rs.450/- for Maintenance of Cemeteries. This amount has been entered on the Revenue side.

(10) *Education.* On the Revenue side there may be a reduction of Rs.5,000/- if the present contribution from the Port Trust, the suitability of which has been questioned by the Government of India, ceases.

(11) *Medical.—Civil Administrative Medical Officer.* The Port Health Officer is in charge of the Department *ex officio* and receives no extra remuneration.

(11) *Medical.—European General Hospital.* The Port Health Officer is also in charge of the European General Hospital.

An approximate provision has been made for the Deputation allowance for S.M.S. Officers deputed from Bombay.

Civil Hospital. An approximate provision has been made for the S.M.S. Officers deputed from Bombay for the Civil Hospital and other dispensaries.

(17) *Central Public Works (Civil Works) Department.* The Port Trust carry out the work on behalf of Government who pay to them supervision charges at 24½ per cent. The Chairman, Aden Port Trust, receives an allowance of Rs.100/- *per mensem* from the Port Trust fund for supervising the work and accounts. The Department is budgetted under a separate head and is not included in the annual Aden Budget 85A. It is included under (73) Civil Works.

(17) (*a*) *Salt.* No provision has been made for pay of officers, as the Department is in charge of the Extra Assistant Commissioner. It is budgetted under a separate head III—Salt, and is not included in the annual Aden Budget 85A.

The revenue on account of salt will depend on the future policy of the Government of India with regard to the admission of salt from Aden into India. There may be a considerable fall in revenue.

(18) *Ports and Pilotage.* Is budgetted under a separate head 27—Ports and Pilotage, and not included in the annual Aden Budget 85A. The Principal Officer, Mercantile Marine Department, is an Officer of the R.I.N. who receives his grade pay as Commander (Rs. 900/-) plus a staff allowance of Rs. 620/- (free water and quarters from the Port Trust). The pay and allowances are shared in moities by the Port Trust and Government.

(19) *Lighthouses and Light Ships.* Is budgetted for under a separate head *21—Lighthouses and Lightships,* and not included in the annual Aden Budget 85A. The Principal Officer, Mercantile Marine Department, is in charge of the Department.

On the revenue side, the total revenue is for all light dues including India, and a proportionate share only has been taken into account in the Draft Estimate on the assumption that the Perim lights are to be maintained and supervised from Aden. I am, however, recommending that they be taken over by the Board of Trade, in which case both revenue and expenditure on their account would disappear from the Aden Estimates.

(20) *Income Tax Department.* Is budgetted for under a separate head, Demand No. 17—Income Tax, and is not included in the annual Aden Budget 85A. Income tax receipts vary, and the estimate should be taken with reserve, as much depends on the prosperity of the port and trade and also on the export of salt. The largest factor in income tax receipts is Salt Industry, which pays a large sum.

An addition of Rs.2,47,000 has been made on the Revenue side on account of the anticipated yield of income tax from firms doing business in Aden which now pay their income tax in India and not at Aden. This estimate is based on the average of the figures given by the Government of India in 1933 for the years 1930–31 to 1932–33.

The Income Tax Officer is due to retire. Leave and pension contributions, Deputation allowance and Passage Contribution have been provisionally made—subject to new arrangements in contemplation.

(22) *Postal Department.* Recent figures for the staff and allowances have been given by the Postmaster. They do not however include supervision charges for inspection and directorate. Leave and Pension contributions and deputation allowances for Postal subordinates have been made.

(23) *Telephones.* The figures of the Telephones are purely a guess and not an accurate estimate.

(24) *Indian Partnership Act.* Administration of the Indian Partnership Act is a minor Department under (5) and it is budgetted for separately under Miscellaneous 69 and not included in the annual Aden Budget 85A.

General Remarks. Under Expenditure, provision has been made for the cost of additions to staff that will probably be unavoidable. The figures are only tentative and refer to a proposed Treasurer, local Audit Staff, Contribution to a Colonial Office Auditor, the future administration of Perim, Director of Posts and Telegraphs, Extra Postal and Telephone staff.

Interest on Provident Fund. A tentative provision has been made in the Draft Estimates for this item which does not appear in the annual budget.

In the Draft Estimates, the salaries of the Extra Assistant Commissioner (who performs, amongst other duties, those of Treasury Officer) and of the Income Tax Officer have been shown as they are at present. These posts may, however, be revised after the transfer, if a new appointment of Treasurer is created.

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
1. *General Administration.*			
2(*a*). *District Administration.* Contribution towards the pay and conveyance allowance for the Extra Assistant Commissioner as Superintendent, Sheikh Othman from the Aden Settlement.	1,692	1,692	
(*b*) Perim Establishment.			
Aden Treasury.			
Trade Registration Department.			
3. *Excise.* Receipts under various heads of Excise.	1,85,368	1,85,368	
4. *Stamps.*			
Non-judicial stamps	49,563		
Judicial Stamps	29,766		
Duty on impressing Stamps	206		
Fines and Penalty	314		
		79,849	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER.

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
1. *General Administration.*			
Pay of Officers.			
(*a*) Chief Commissioner	29,871		
(*b*) Civil Secretary	11,397		
(*c*) A.D.C. and Private Secretary to the Chief Commissioner.	7,114		
Deputation allowance at 20 per cent. of pay of (*b*).	2,279		
Pension and leave contribution of (*b*) at 40 per cent. of the pay.	4,559*		*F.R.116.
Passage contribution at Rs.50/– *per mensem.*	600		F.R.114 Govt. of India decision (4).
		55,820	
Pay of Establishment.			
Pay of establishment	36,353		
Allowances, Honoraria, etc.	13,157		
Contingencies	19,314		
Supplies and Services	2,956		
Rates and Taxes	799		
		72,579	
2 (*a*). *District Administration.*			
(*a*) Special pay of District Magistrate	1,973		
(*b*) Extra Assistant Commissioner ..	6,701*		*No provision has been made for his leave and pension contribution or Deputation allowance as he does not belong to any Indian cadre.
(*c*) Government Agent, Perim ..	6000		
Passage contribution for (*b*) ..	600		
		15,274	
(*b*) *Pay of Perim Establishment.*			
Pay of Perim Establishment ..	1,329		
Allowances, etc.	799		
Contingencies	724		
		2,852	
(*c*) *Aden Treasury.*			
Pay of Officers	—		
Pay of Establishment..	12,406		
Allowances Honoraria, etc.	735		
Contingencies	2,332		
Rates and Taxes	243*		* For Court and Treasury.
		15,716	
(*d*) *Trade Registration Department.*			
Pay of Officers	—		
Pay of Establishment..	10,627		
Allowances, Honoraria, etc.	720		
Contingencies	763		
Rates and Taxes	387		
		12,497	
3. *Excise.*			
Pay of Officers	—		
Pay of Establishment	14,117		
Allowances, Honoraria	4,283		
Contingencies	1,047		
Supplies and Services	15		
Rates and Taxes	131		
Cost of opium	1,326		
Deputation allowance at 20 per cent. to Inspector and Gauger.	912		
Leave and Pension contribution at 1/6th.	760		
		22,591	
4. *Stamps.*			
Discount on non-judicial stamps ..	472		
Discount on judicial stamps	196		
Manufacturing charges of non-judicial stamps.	127		
Manufacturing charges of judicial stamps.	45		
Establishment charges paid to Bombay Government.	50		
Refund of non-judicial stamps ..	918		
Refund of judicial stamps	694		
		2,502	

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
5. *Registration (District Registrar).*			
Fees for registering documents ..	3,817		
Fees for copies of registered documents	71		
Miscellaneous	57		
		3,945	
6. *Administration of Justice.*			
Sale proceeds of unclaimed and escheated property.	1,418		
Court fees realized in cash process servers' fees.	548		
General fees, fines and forfeitures and magisterial fines.	8,034		
Miscellaneous fees and fines	1,042		
Less refunds—1,451.			
		9,591	
7. *Aden District Prison.*			
Receipts	1,656		
		1,656	
8. *Police.*			
Recoveries from the Aden Settlement on account of Sheikh Othman Police.	35,513		
Cash received under Arms Act ..	843		
Recoveries from the Aden Port Trust on account of moiety and charges of the Aden Harbour Police.	29,048		
Contribution from His Majesty's Government towards Armed Police—£8,000/-.	1,06,500		
		1,71,904	
Passport fees	5,382	5,382	
9. *Ecclesiastical Department.*			
Ground fees of Maala Cemetery ..	109		
3/4ths pay of one Chaplain .. 8,000			
Maintenance of cemeteries .. 450	8,900*		* Paid by Air Ministry.
Maintenance of churches .. 450			
		9,009	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER.

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
5. *Registration (District Registrar).*			
Pay of Officers	—		
Pay of Establishment	1,628		
Allowances, Honoraria, etc.	1,042		
Contingencies	253		
Leave and pension contribution for Sub-Registrar at 1/6th.	220		
Deputation allowance at 20 per cent.	264		
		3,407	
6. *Administration of Justice.*			
Pay of Officers	20,078		
Allowances, Honoraria	3,395		
Grants-in-aid for passages for Judge and Registrar.	1,200		
Pay of Registrar	7,375		
Pay of Establishment	16,758		
Allowances and Honoraria	3,639		
Supplies and Services	741		
Contingencies	4,182		*Note.*—The Registrar does not belong to any Indian cadre; hence, Deputation allowance and Leave and Pension contribution have not been provided.
Leave and pension contribution at 40 per cent. for Judge only.	8,031		
Deputation allowance for Judge at 20 per cent.	4,015		
		69,414	
7. *Aden District Prison.*			
Pay of Officers	1,118		
Pay of Establishment	8,826		
Allowances, Honoraria, etc.	1,098		
Contingencies	6,785		
Jail Manufacture	415		
Charges paid to the Government of Bombay.	1,000		
Leave and pension contribution at 1/6th to Jailor.	200		
Deputation allowance at 1/5th ..	240		
		19,682	
8. *Police.*			
District Police.			
Pay of Officers	25,723		
Pay of Establishment	1,94,036		
Allowances, Honoraria, etc.	31,484		
Contingencies	28,829		
Supplies and Services	7,610		
Harbour Police, including Perim Police.			
Pay of Establishment	48,383		
Allowances, Honoraria, etc. ..			
Supplies and Services, etc.			
Leave and Pension Contribution of Commandant and Assistant Commandant of Police at 40 per cent.	10,289		
Deputation allowance at 1/5th ..	5,145		
Passage contribution	600		
Passage for Assistant Commandant of Police.	600		
Deputation allowance for Armed Police (approximate).	6,000		
		358,699	
9. *Ecclesiastical Department.*			
Pay of Officers	14,500		
Pay of Church Establishment ..	643		
Allowances, Honoraria, etc.	2,880		
Contingencies	658		
Pay of Cemetery Establishment ..	573		
Other charges	393		
Leave and pension contribution of Chaplains at 40 per cent.	5,800		
Passage allowance	1,200		
Deputation allowance at 20 per cent.	2,900		
		29,547	

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
10. *Education Department.*			
Secondary Schools.			
Fees	1,923		
Primary School.			
Fees	348		
Contribution from local bodies.			
Aden Settlement—15,000			
Port Trust—5,000	18,700		
		20,971	
11. *Medical (Civil Administrative Medical Officer).*			
European General Hospital.			
Hospital fees from patients	13,409		
Nursing fees	4,872		
Other items	42		
		18,323	
Civil Hospital.			
Receipts from paying patients. Sale of unserviceable articles and one-third pay of S.M.S. Officer for Red Sea Lights.	4,203		
Contribution from His Majesty's Government towards Protectorate patients, etc. (£1,500/- for two years and £1,875/- for one year).	21,632		
		25,835	
Mental Hospital.			
Receipts from paying patients ..	22		
		22	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER—*continued.*

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
10. *Education Department.—Secondary Schools.*			
Pay of Establishment (teachers) ..	12,560		
Allowances, Honoraria, etc.	1,680		
Contingencies	2,500		
		16,740	
Primary Schools.			
Pay of Establishment (teachers) ..	10,720		
Allowances, Honoraria, etc.	100		
Contingencies	4,420		
Grants-in-aid	35,540		
		50,780	
General Inspection and Directorate.			
Pay of Officers	9,730		
Pay of Establishments (clerks) ..	2,560		
Allowances, Honoraria	2,920		
Contingencies	1,220		
Contribution payable to Palestine Government on account of Assistant Education Officer.	500		
Leave and pension contribution of Education Officer at 40 per cent.	3,892		
Deputation allowance at 1/5th ..	1,946		
		22,768	
11. *Medical (Civil Administrative Medical Officer.)*			
Pay of Officers	—		
Pay of Establishment	1,596		
Contingencies	583		
Supplies Services	1,000		
Grant to Leper Hospital	3,300		
Grant to Nursing Association ..	9,600		
		16,079	
European General Hospital.			
Pay of Officers	5,836		
Pay of establishment	12,548		
Allowances, Honoraria, etc.	6,809		
Rents, Rates and Taxes	425		
Grant to Maala Dispensary	1,475		
Leave and pension contribution of Resident Medical Officer at 40 per cent.	2,334		
Deputation allowance at 20 per cent.	1,167		
Deputation for S.M.S. Officers (3) ..	2,500		
Leave and pension contribution for S.M.S. Officers.	1,000		
		34,094	
Civil Hospital.			
Pay of Officers	14,695		
Pay of Establishment	12,305		
Allowances, Honoraria, etc.	4,699		
Supplies and Services	17,721		
Contingencies	4,543		
Rents, Rates and Taxes	492		
Leave and pension contribution of Civil Surgeon at 40 per cent.	5,878		
Deputation allowance at 20 per cent.	2,939		
Leave and pension contribution of 7 S.M.S. Officers.	4,500		
Deputation allowance	2,300		
		70,072	
Mental Hospital.			
Pay of Establishment	647		
Rents, Rates and Taxes	39		
		686	

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
12. *Public Health.*			
Port Health Office.			
Moiety of charges of Port Health Officer's pay and allowances recovered from Aden Port Trust.	16,611		
		16,611	
13. *Veterinary.*			
Recovery of pay and allowances of the Veterinary Inspector from the Aden Settlement in moiety.	2,114		
		2,114	
14. *Miscellaneous—Steam Boiler Department.*			
Fees received for inspection of boilers	2,149		
		2,149	
Electrical Inspector.			
Inspection fees of electrical installations.	114		
		114	
15. *Stationery and Printing.*			
Sale of Aden *Gazette* and other publications.	679		
Sale of Trade and Navigation reports	80		
		759	
16. *Other Miscellaneous Charges.*			
Audit fees recovered from Local Bodies.	6,088		
		6,088	
17. *Central Public Works Department.*			
Receipts on account of rents, etc. ..	3,631		
		3,631	
17A. *Salt.*			
Receipts under various heads ..	1,00,573		
		1,00,573	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER—*continued*.

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
12. *Public Health.*			
Port Health Office.			
Pay of Officers	22,850		
Pay of Establishments	2,533		
Allowances, Honoraria, etc.	6,890		
Supplies and Services	4,935		
One-third share payable to Aden Settlement on account of epidemic diseases in Aden.	2,822		
Leave and pension contribution of Port Health Officer at 40 per cent.	9,140		
Deputation allowance at 1/5th ..	4,570		
Passage contribution	600		
		54,340	
13. *Veterinary.*			
Pay of Veterinary Inspector	3,291		
Allowances, etc.	840		
Contingencies	61		
Leave and pension contribution at 1/6th	549		
Deputation allowance 1/5th	658		
		5,399	
14. *Miscellaneous—Steam Boiler Department.*			
Fees to Boiler Inspector	2,133		
Travelling allowance	193		
Contingencies	33		
		2,359	
Electrical Inspector.			
Special pay to Electrical Inspector ..	729		
Travelling allowance	383		
		1,112	
15. *Stationery and Printing.*			
Printing of Aden *Gazette*	530		
Printing of Trade and Navigation Report.	400		
Printing of Aden Administration Report.	300		
Stationery supplied from India ..	1,875		
Printing of forms, etc., in India ..	1,500		
Cost of Typewriters and Duplicators	807		
		5,412	
16. *Other Miscellaneous Charges.*			
Allowances, Rewards, etc.	100		
Grants-in-aid to S.P.C.A.	130		
Interring paupers	631		
Maintenance of destitute persons ..	252		
Lunatic charges	1,000		
European vagrants	815		
Payment to Sultan of Lahej for purchase of Sheikh Othman, according to Treaty.	14,400		
		17,328	
17. *Central Public Works Department.* Original works, Repairs to Government buildings, Supervision charges paid to Port Trust and Communications.	28,851	28,851	+ Rs.83,816 for voted expenditure.
17A. *Salt.*	—		
Pay of Officers	1,750		
Pay of Establishment	526		
Allowances, etc.	427		
Contingencies	12,000		
Salt compensation payable to the Sultan of Lahej.			
		14,703	

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
18. *Ports and Pilotage.*			
Receipts under the Merchant Shipping Act.	3,428		
Contribution from Aden Port Trust on account of pay and passage of Port Officer in moiety.	10,584*		* The average is higher because arrears were received in 1932–33.
		14,012	
19. *Lighthouses and Lightships.*			
Indian coast light dues under the Indian Lighthouse Act. Total collection, Rs.1,10,348, but as this is for all lights, including India, only Rs.30,000 have been taken into account.	30,000		
		30,000	
20. *Income Tax Establishment.*			
Income tax receipts	3,58,602*		* Includes £500 contributed yearly by H.M. Government for exemption from Indian income tax of British personnel at Aden.
Super tax receipts	74,569		
Income tax paid by firms and companies in India.	2,46,966		
		6,80,137	
21. *Currency Department.*			
22. *Postal Department.*			
Sale of Indian postage stamps ..	1,24,277		
Receipts on account of unpaid postage	1,682		
Money order commission	6,222		
		1,32,181	
23. *Telephones.*			
Receipts of rentals, etc. ..	58,710		
		58,710	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER—*continued.*

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
18. *Ports and Pilotage.*			
Pay of officers	15,546		
Pay of establishment	4,916		
Allowances, Honoraria, etc.	1,034		
Contingencies	6,293		
Rates and Taxes	540		
Passage contribution paid by Government of India on account of passage of Port Officer to Controller of Navy Accounts.	756		
Leave and pension contribution of Port Officer at 40 per cent.	6,218		
Deputation allowance at 1/5th ..	3,109		
Passage contribution	680		
		39,012	
19. *Lighthouses and Lightships.*			
Pay of Establishment..	4,964		
Allowances, Honoraria, etc.	4,343		
Contingencies	2,814		
Supplies and Services	4,598		
Contribution for Marshag Lighthouse and share of cost of principal officer and staff.	9,837		
Leave and pension contribution at 1/6th.	300		
Deputation allowance at 1/5th ..	400		
		27,256	
20. *Income Tax Establishment.*			
Pay of Officers	7,000		
Pay of Establishment..	6,452		
Allowances, Honoraria	1,897		
Contingencies	693		
Leave and pension contribution of Income Tax Officer at 40 per cent.	2,800		
Passage contribution	600		
Deputation allowance at 1/5th ..	1,400		
Deputation of one Examiner ..	500		
Leave and pension contribution at 1/6th.	400		
		21,742	
21. *Currency Department.*			
Charges for remittance of treasure ..	460		
		460	
22. *Postal Department.*			
Pay of Officers	6,044		
Pay of Establishment	59,529		
Allowances, Honoraria	21,314		
Contingencies	11,925		
Rates and Taxes	591		
Charges paid to Masters of ships on account of gratuities.	12,112		
Pension and leave contribution of Postmaster at 40 per cent.	2,418		
Deputation allowance at 1/5th ..	1,209		
Leave and pension contribution of establishment at 1/6th.	9,922		
Deputation allowance to Postal officials (approximate).	5,000		
		130,064	
23. *Telephones.*			
Pay of Officers, etc.	42,700*		*Figures supplied Government of India.
Leave and pension contribution, Deputation allowance.	10,000*		*Approximate.
		52,700	

DRAFT ESTIMATES BASED ON THE FIGURES OF REVENUE AND EXPENDITURE OF THE AFTER THE

Revenue Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
24. *Indian Partnership Act.* Fees levied under the Act	34		
		34	
	Grand Total	15,80,660	

LAST THREE YEARS, 1932–33 TO 1934–35, AND ON ANTICIPATED REVENUE AND EXPENDITURE TRANSFER—*continued.*

Expenditure Heads.	*Average based on the last 3 years' figures.*	*Total.*	*Remarks.*
	Rs.	Rs.	
24. *Indian Partnership Act.*			
Pay of Establishment	105		
Allowances, etc.	—		
Contingencies	8		
		113	
	Total	12,92,650	
Add expenditure under item 17—Civil Works.		83,816	
	Grand Total	13,76,466	
Add extra expenditure as shown in Appendix A.		82,380	
		14,58,846	Credit balance Rs.1,21,814.

APPENDIX A.

	Rs.	Rs.	
New proposed appointments and expenditure.			
(1) Treasurer (including pay and allowance and house rent).	20,000		
(2) Local Audit Staff—			
One Superintendent, Two Clerks	12,000		
(3) Contribution to a Colonial Office Auditor £400/–.	6,000		
(4) Administration of Perim ..	20,000*		*Exclusive of Police, whose cost is included under item 8.
(5) Director of Posts and Telegraphs..	10,700		
		68,700	
(6) Interest on Provident Fund subscriptions of Government servants.	6,000		
(7) Extra Postal staff for keeping Exchange Account at Rs. 60–5–160.	3,840		
(8) Extra two clerks for making Telephone bills and accounting at Rs. 60–5–160.	3,840		
		13,680	
		82,380	

Enclosure 3 in No. 78060/36 [No. 24].

No. 146.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

(Copy received in Colonial Office, 12th August, 1936.)

[*Answered by No. 147.*]

(No. P.Z. 5302/36.) 12th August, 1936.

Transfer of Aden to His Majesty's Government.

Discussions have been proceeding with interested Imperial Departments on basis of:

(*a*) Note enclosed with Sir B. Reilly's demi-official letter of 5th May*;

(*b*) proposal for financial settlement enclosed with your Finance Department letter of 7th May†, No. D.1079-Ref/36;

(*c*) demi-official letter from Lloyd to Baxter of 11th June, C. No. 200 G1/36;

(*d*) your Department of Industries and Labour letter of 7th November, 1935‡, and connected correspondence regarding Postal and Telephone Administration.

It has not of course been possible to proceed beyond general discussion of questions involved and it will clearly be desirable for further discussions, particularly in regard to personnel, to take place between Government of India and Sir Bernard Reilly as suggested in your demi-official telegram of 23rd May, No. 1244, to Aden. But His Majesty's Government would like to have information or the Government of India's views on certain points as noted below as soon as possible, and this is convenient opportunity for informing the Government of India of the outcome of the discussions to date.

Taking Sir B. Reilly's points as numbered by him:—

1 and 13. *Income Tax.*—Question of necessary legal enactment to provide for Income Tax arrangements in Aden Colony and question of arrangement regarding double income tax are under discussion between my Financial Department and Colonial Office and further communication will be sent to you when provisional conclusions are reached. Meanwhile Colonial Office would be grateful for up-to-date statement of tax paid in respect of Aden business by firms with headquarters in India.

2. *Post Office and Telephones.*—Colonial Office do not favour suggestion that Government of India should be asked to continue management of these services for a period, and think it desirable for Aden to set up its own postal administration. Certain questions of principle involved in transfer of management (e.g., questions relating to buildings, personnel, etc.) are being dealt with separately. Details of transfer will of course have to be arranged direct between India and Aden.

3. *Postage Rates.*—Colonial Office are glad to accept suggestion in last paragraph of letter from your Department of Industries and Labour dated 7th November, viz., that rates between India and Aden should remain unchanged.

4. *Mail Contract* is a matter for His Majesty's Government. The call at Aden will continue to be maintained in His Majesty's Government's contract with the P. & O. Company.

5. *Currency.*—Will Government of India kindly confirm that they are prepared to supply the necessary currency from India? It is assumed that necessary arrangements will be made direct with Aden.

Points 6 and 7 are for the Colonial Office. Points 8 and 17 are covered by the Order in Council and Royal Instructions. Point 9 is for the Colonial Office.

10. *Lighthouses.*—This is still for discussion with the Board of Trade. The Government of India's views have already been received.

11. *Ecclesiastical.*—This matter is being dealt with separately.

12. *Lunatic Asylum.*—Will Government of India kindly confirm that they will permit existing practice to continue, details being arranged direct with Aden.

14, 22, 23, 24, 25. These points would be covered, so far as India is concerned, by the proposal for a financial settlement in the Memorandum enclosed with your Finance Department letter of 7th May. A separate communication is being sent to the Finance Department in regard to the proposed settlement.

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* No. 145. † No. 198. ‡ Enclosure in No. 148.

It is assumed that the Government of India expect the new Aden Administration to start an Aden *Savings Bank* to which existing accounts will be transferred. Colonial Office hope to do this, but a final decision must probably await appointment of a Finance Officer.

The same will apply to the *Provident Fund* for such officers as are permanently transferred to the service of the Colonial Office.

Colonial Office agree that *Post Office Cash Certificates* and *Postal Life Insurances* (as well as Money Orders) can be dealt with through an exchange account as suggested by the Government of India, details being arranged direct with Aden.

15. *Budget.*—The Colonial Office are being asked whether they concur in the suggestion that Aden Salt should, by notification under the Sea Customs Act, be treated as Indian Salt pending the expiry of the Salt (Additional Duty) Act of 1931 as amended. There is no doubt that they will welcome this suggestion.

16. *Personnel* and 19 *Kamaran.*—Please see separate Express Letters*.

Points 18, 20, 21, 26 and 27 are for the Colonial Office.

J. C. WALTON.

78060/37 [No. 1]: (Enclosure). No. 147.

MR. W. R. HAY (GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT)

to

MR. M. J. CLAUSON (INDIA OFFICE).

(Copy received in Colonial Office 14th January, 1937.)

Foreign and Political Department, New Delhi,
21st December, 1936.

DEAR CLAUSON,

Subject:—Transfer of Aden to His Majesty's Government.

Will you kindly refer to express letter from the India Office and your subsequent demi-official letter to Menon, dated the 12th August† and 8th October, 1936, respectively?

2. The various points mentioned in Sir Bernard Reilly's note, a copy of which was received with his demi-official letter of the 5th May last‡, have been examined by the Government of India and the whole position will be discussed with Sir Bernard when he visits Delhi in January, 1937. In the meantime, I am desired to communicate the views of the Government of India on the points which concern them, *viz.* Nos. 1–5, 10, 12–14, 16, 19 and 22–25.

(i) *Points 1 and 13. Income Tax.* The further communication promised in the express letter under reference is still awaited. Meanwhile, an up-to-date statement showing the amount of income tax and super tax paid on their Aden business by certain firms having their headquarters at Bombay, Surat and Calcutta with branches in Aden has been prepared and is forwarded herewith. The Government of India have separately addressed the India Office regarding this and other Central Revenue subjects, *vide* Mr. Lloyd's demi-official letter to the India Office, dated the 11th June, 1936.

(ii) *Point 2. Post Office and Telephones.*
Point 3. Printing and sale of Stamps.
Point 4. Mail Contract.
Point 16. Personnel (postal and other).
Point 19. Wireless Station at Kamaran.
Point 23. Savings Bank.
Point 24. Cash certificates.
Point 25. Postal Insurance.

These points are being dealt with by the Director-General, Posts and Telegraphs, in consultation with the India Office, and he is now awaiting the visit to India of Sir Bernard Reilly to discuss them and arrive at agreed conclusions. Proposals for a financial settlement in respect of points Nos. 2 and 23–25 have been discussed in the Memorandum§ forwarded under letter, dated the 7th May, 1936, from the Secretary to the Government

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* No. 241 and No. 100. † No. 146. ‡ No. 145. § Enclosure in No. 198.

of India in the Finance Department and subsequent correspondence. As regards personnel other than postal, express letter from the India Office, dated the 12th August, 1936, on the subject is at present under consideration, and a further communication will be sent to the India Office shortly.

(iii) *Point 5. Currency.* The Government of India are prepared to supply the necessary currency from India in direct communication with the Aden Government.

(iv) *Point 10. Lighthouses.* The Government of India's views have been communicated to the India Office separately by the Commerce Department, *vide* letter from the Government of India in the Commerce Department to the India Office, dated the 7th May, 1936. The latter have just informed the Commerce Department in their letter, dated the 13th November, 1936, that the question is at present under active consideration by the Colonial Office, but that an early decision is not to be expected.

(v) *Point 12. Lunatic Asylum.* The Government of India are prepared to permit the existing practice to continue, *vide* express letter from the Government of India in the Foreign and Political Department, dated the 27th August, 1936*.

(vi) *Point 14. Transfer of Government buildings.*
Point 22. General Provident Fund.

These two points have been discussed in the Finance Department memorandum referred to under sub-paragraph (ii) above and the Government of India have nothing further to say regarding them at present.

(vii) *Point 19. Kamaran.* A separate communication has been sent to the India Office regarding the future administration of Kamaran Island and its Quarantine Station, *vide* express letter from the Government of India in the Foreign and Political Department, dated 6th November, 1936†.

Yours, &c.,
W. R. HAY.

M. J. Clauson, Esq.,
India Office.

Enclosure in No. 147.

STATEMENT SHOWING THE AMOUNT OF INCOME TAX AND SUPER TAX PAID ON THEIR ADEN BUSINESS BY CERTAIN FIRMS HAVING THEIR HEADQUARTERS AT BOMBAY, SURAT AND CALCUTTA WITH BRANCHES IN ADEN.

	Bombay. *Net Income Tax and Super Tax.*		*Bengal.* *Net Income Tax and Super Tax.*		*Total.*
		Rs.		*Rs.*	
1933–34	I.T.	61,719	I.T.	17,202	
	S.T.	1,702	S.T.	7,483	
		63,421		24,685	88,106
1934–35	I.T.	48,091	I.T.	23,875	
	S.T.	2,510	S.T.	19,704	
		50,601		43,579	94,180
1935–36	I.T.	‡12,853	I.T.	43,928	
	S.T.	2,028	S.T.	55,235	
		14,881		99,163	114,044

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* Enclosure in 78133/36 [No. 3]: not printed. † No. 101.
‡ Contains only a part payment of Rs. 5,000 out of the demand of Rs. 21,386 levied on a certain firm.

2. POSTAL AND TELEPHONE ADMINISTRATION

78097/36 [No. 1]. No. 148.

MR. J. C. WALTON (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 150.*]

DEAR COWELL, Whitehall, S.W.1, 20th January, 1936.

I enclose a copy of the Government of India's letter of 7th November which contains the Government of India's proposals in connexion with the transfer of control of the postal and telephone administration at Aden to His Majesty's Government on the separation of Aden from India.

Before putting these proposals to the Colonial Office officially, we think it is desirable to obtain more precise information on various points raised by the Government of India, and we accordingly propose to reply to them as in the draft* enclosed.

I am sending you a copy of the papers at this stage in case you find any further obscurities which could be usefully elucidated now. If any such points occur to you, we shall be only too glad to incorporate them in our draft.

As you will see from paragraph 2 of their letter, the Government of India propose to address us separately in regard to the financial adjustments in connexion with the transfer of buildings, plant, etc., so these considerations need not detain us at the moment, though we have stated our provisional view in paragraph 3 of our draft reply.

Yours, &c.,

J. C. WALTON.

Enclosure in No. 148.

THE GOVERNMENT OF INDIA, DEPARTMENT OF INDUSTRIES AND LABOUR, TO THE SECRETARY OF STATE FOR INDIA.

[*Answered by No. 153.*]

New Delhi, 7th November, 1935.

Subject:—Transfer of control of Postal and Telephone Administration to His Majesty's Government, on separation of Aden from India.

SIR,

I am directed to address you on the subject cited above.

2. According to clause 5 of Section 288 of the Government of India Act, 1935, the property of the Posts and Telegraphs Department in Aden, such as buildings, cables wires, apparatus and plant, etc., will, from the date of separation, vest in His Majesty for the purposes of the Government of Aden (subject to any necessary financial adjustment in regard to which the Secretary of State will be addressed separately in due course), and all contracts made by the Department for the conveyance of mails or other services will continue in force as if they had been made by the Government of Aden. The Government of India presume that from that date His Majesty's Government will take over the control and management of the Postal and Telephone administration including the Head Post Office at Aden Steamer Point and the Post Offices in Aden City and in the islands of Perim and Kamaran, and will make their own arrangements for the supply of postage stamps, forms, etc.

3. The staff employed at Aden is partly recruited in India and partly locally recruited. His Majesty's Government will presumably take over all the staff locally recruited for service in Aden and for offices under the Aden Head Post Office, and will ensure to them their existing scales of pay and conditions of service in respect of leave, pension, etc. In the case of the staff recruited in India now working in Aden, I am to suggest that such staff should also be taken over by His Majesty's Government if they are willing to serve in Aden after separation. Those who are unwilling so to serve will have to be compulsorily retired, except in so far as it is possible to provide

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* Not printed.

appointments for them in India. I am to suggest that His Majesty's Government should meet a proper portion of the charges involved in each compulsory retirement, i.e., pensions, gratuities, etc. The Government of India will endeavour to find appointments for as many as possible in India, but they suggest that the cost of the retransfer of staff to India should equitably be borne by His Majesty's Government. A statement is enclosed giving particulars of the staff at present employed within the jurisdiction of the Chief Commissioner of Aden. The question of sharing ordinary pensionary charges will be covered by the reference regarding financial adjustment in paragraph 2.

4. The Indian inland rates of postage are at present charged on correspondence between India and Aden and vice versa. I am to say that on strictly economic grounds there would be reason for charging higher rates, but I am to suggest that in view of the long and close connexion of Aden with India it is desirable that these rates should, for the present, continue to be in force, and to ask if His Majesty's Government concur in this proposal.

I have, &c.,

D. G. MITCHELL,

Secretary to the Government of India.

STATEMENT SHOWING THE NUMBER OF STAFF AT PRESENT EMPLOYED IN ADEN (INCLUDING ALL PLACES UNDER THE CHIEF COMMISSIONER, ADEN).

1.	2.	3.	4.	5.	6.
Classes of staff employed in Aden.	*Total number of staff (in each class).*	*Number of the staff locally recruited for service in Aden.*	*Number of the staff who can claim retransfer to India on separation of Aden on the ground that they were recruited in India and subsequently transferred to Aden.*	*Number of the staff who are willing to continue to serve in Aden in case of its separation.*	*Remarks.*
		POSTAL.			
Postmaster	1	—	1	—	
Deputy Postmaster ..	1	1	—	—	
Sub-Postmaster ..	1	—	1	—	
Clerical posts ..	30	27	3	8*	*These are locally recruited officials.
Head Postman ..	1	1	—	—	
Postmen	15	15	—	14	
Stamp vendor ..	1	1	—	1	
Inferior servants ..	14	14	—	12	
Runners	6	6	—	6	
		ENGINEERING.			
Engineering Supervisor, Telephones.	1	—			
Sub-Inspector ..	1	—			
Linemen	3	2			
Assistant Mechanic ..	1	1			
Telephone Operators	5	5			
Chowkidar	1	1			

78097/36 [No. 2].

No. 149.

MR. G. M. BENNETT (CAMP CALCUTTA)

to

MR. J. C. WALTON (INDIA OFFICE).

(Copy received in Colonial Office, 14th February, 1936.)

Office of the Director-General of Posts and Telegraphs,

MY DEAR WALTON, Camp Calcutta, 23rd January, 1936.

Will you kindly refer to your demi-official letter, dated the 29th August, 1935*, to Mr. Acheson, Foreign Secretary. I have been asked to reply direct to you so far as the Posts and Telegraphs Department is concerned.

The total receipts and expenditure of the Aden head post office and of the five sub-post offices under it during the years 1933-34 and 1934-35 are shown in detail in the accompanying statement. As noted therein the expenditure on staff is based on actual payments made after deducting the emergency cut in pay which was 5 per cent. of pay in the years 1933-34 and 1934-35. No allowance is made for leave and pension charges.

As regards the telephone system in Aden, I would request a reference to Clow's letter, dated the 9th January, 1936†, to the address of the Under Secretary of State for India, Political Department, India Office. The system is working at a profit and it has been proposed to give some relief to the subscribers by reducing the rate of rental for direct connexions.

The existing contract for the conveyance of mails between England and India by the P. and O. S.N. Company's ships is between His Imperial Majesty's Government and the Company and not between the Government of India and the Company. The contract was executed in 1908 for a period of seven years subject to determination at or after the expiry of that period on giving twenty-four months' notice. The contract has been allowed to continue in force and as at present arranged is not terminable before the 31st January, 1938. In accordance with the terms of the contract, the mail steamers between England and India must call at Aden on both the outward and inward journeys. The P. and O. mail boats plying between England and Australia also call at Aden in both directions.

Yours, &c.,

G. M. BENNETT.

Enclosure in No. 149.

STATEMENT showing the total receipt and expenditure of Aden Head Office and the five offices under it during the years 1933-34 and 1934-35.

INCOME.

1	2	3	4
Sale of Indian postage stamps.	*Receipts on account of unpaid postage.*	*Money Order commission.*	*Total of columns 1-3.*
	1933-34		
Rs.128,296.1.0	1,588.11.0	6,138.6.0	136,023.2.0
	1934-35		
Rs.125,294.14.0	1,636.3.3	6,173.6.0	133,104.7.3

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* P.F. 37889 C.R. [No. 29]: not printed.

† 78101/36 [No. 1]: not printed.

EXPENDITURE

5	6	7	8	9
Cost of office.	*Cost of line establishment.*	*T.A. of inspecting officers.*	*Equitable portion of the cost of P.M.G's. office.*	*Total of columns 5–8.*
		1933–34		
76,574.9.0	3,120	1,271.11.0	2,093	83,059.4.0
Contingent expenditure of the offices during 1933–34, Rs.22,706.3.0.				
		1934–35		
75,260.0.0	3,120	1,290.0.0	2,117	81,787.0.0
Contingent expenditure of the offices during 1934–35, Rs.24,607.8.7.				

Note.—The cost shown in column 5 includes the actual emoluments (pay and allowances after deducting the emergency cut) of the staff and also fixed stationery charges of the offices as well as house rent of rented buildings. The assessed rent of departmental buildings in which offices are housed has not been taken into account. The figure in column 8 has also been arrived at after deducting the emergency cut.

78097/36 [No. 3]. No. 150.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. J. C. WALTON (INDIA OFFICE).

[*Answered by No. 163.*]

DEAR WALTON, Downing Street, 11th April, 1936.

I am sorry to find that no reply has been made to your letter of the 20th January*, about the postal and telephone administration at Aden.

I have only one material comment to make on the enclosures to your letter. I see that it is suggested by the Government of India that members of the staff at Aden who are unwilling to serve after the transfer should be compulsorily retired, and that His Majesty's Government should be called upon to bear a proportion of the charges for their pensions. I think that we should have to resist any such proposal. We shall be under an obligation to offer all such officers a continuance of their service under the same conditions, as nearly as may be, as they at present enjoy. If they do not wish to continue in service on those terms, we can accept no further responsibility for them, and it will be for the Government of India to calculate and pay their pensions.

The question of the calculation of the pensions of those officers who accept transfer to, and ultimately retire from, our service will be one of those knotty problems which we shall have to discuss at the conferences which it is intended to arrange when Reilly is here in the summer.

Yours, &c.,

H. R. COWELL.

78097/36 [No. 4]. No. 151.

COLONIAL OFFICE

to

GENERAL POST OFFICE.

[*Answered by No. 78097/36 [No. 5].*]

[*Answered by No. 152.*]

SIR, Downing Street, 11th April, 1936.

I am directed by Mr. Secretary Thomas to inform you that, in connexion with the forthcoming transfer of the administration of Aden, he has had under his consideration the question of the maintenance of mail communication with this country.

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* No. 148.

2. It is understood that the existing contract for the conveyance of mails between England and India is between His Majesty's Government and the Peninsular and Oriental Company, and provides for a call at Aden by the mail steamers on both outward and inward journeys. I am to enquire whether this is the case, and if so whether it may be anticipated that the call at Aden will be maintained after the separation of the administration of Aden from that of India.

I am, &c.,
H. R. COWELL.

78097/36 [No. 5].

No. 152.

GENERAL POST OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 154.*]

Postal Services Department, General Post Office,
London, E.C., 22nd April, 1936.

SIR,

With reference to your letter of the 11th of April* concerning the maintenance of mail communication between Aden and this country, I am directed by the Postmaster-General to say, for the information of the Secretary of State for the Colonies, that the answer to both the questions contained in the second paragraph is in the affirmative.

I am, &c.,
F. H. WILLIAMSON.

78097/36 [No. 6].

No. 153.

INDIA OFFICE

to

GOVERNMENT OF INDIA (DEPARTMENT OF INDUSTRIES AND LABOUR, POSTS AND TELEGRAPHS BRANCH).

(Copy received in Colonial Office, 8th May, 1936.)

Whitehall, London. S.W.1, 5th May, 1936.

SIR,

I am directed by the Secretary of State for India to refer to the Government of India's letter of 7th November†, regarding certain proposals connected with the transfer of control of the postal and telephone administration to His Majesty's Government on the separation of Aden from India.

2. Before seeking the concurrence of His Majesty's Government in the Government of India's proposals, the Marquess of Zetland would be glad to be supplied with information on the following points:—

(1) What are the existing scales of pay and conditions of service in respect of leave, pension, etc., for members of the staff employed in the Postal and Telephone Services of Aden?

(2) In the case of members of the staff recruited in India who are unwilling to continue to serve at Aden after transfer and for whom it is impossible to find appointments in India, what pensionary concessions, if any, do the Government of India consider necessary or desirable? His Lordship presumes that the "proper proportion" of such charges which it is suggested that His Majesty's Government should bear would be the excess cost over the charge incurred in the event of normal retirement at the same date, but he would add for the Government of India's information that it is understood demi-officially from the Colonial Office that His Majesty's Government are likely to challenge the view that they are under any obligation to contribute towards the expense of pensioning this category of persons.

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* No. 151. † Enclosure 1 in No. 148.

(3) His Lordship observes that of the staff recruited locally in Aden, a certain number including nineteen clericals are apparently unwilling to continue to serve after transfer. His Lordship would be glad to know what are the intentions of the Government of India in regard to such persons.

3. I am to add that the clause in brackets in the second paragraph of your letter is not clearly understood. Under the provisions of Section 288(5) of the Government of India Act it has not been contemplated that any payment should be made by His Majesty's Government for the property transferred at Aden.

4. A copy of this letter is being sent to the Chief Commissioner, Aden.

I am, &c.,
M. J. CLAUSON.

78097/36 [No. 8]. No. 154.

COLONIAL OFFICE

to

GENERAL POST OFFICE.

[*Answered by No. 157.*]

SIR, Downing Street, S.W.1, 6th July, 1936.

I am directed by Mr. Secretary Ormsby Gore to invite reference to your letter of the 22nd April*, regarding mail communications with Aden, and to enquire whether the separation of Aden from India will involve any change in the arrangements for the transmission of mails between Aden and East Africa and other countries not served by the steamers plying between this country and India.

I am, &c.,
H. R. COWELL.

78097/36 [No. 9]. No. 155.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. E. HALE (TREASURY).

DEAR HALE, Downing Street, S.W.1, 6th July, 1936.

I have been discussing with Reilly the question of the future administration of the Post Office and Telephone services of Aden, dealt with in point 2 of the Note enclosed in his letter to Parkinson of the 5th May†, of which you have a print.

I think there can be no question that we should run these services as a department of the new Colonial administration of Aden, and not consider any proposal for leaving them under the Indian department—even if such a course would be acceptable to the Government of India, which seems unlikely.

We propose, therefore, to consider the appointment of a Postmaster-General or Director of Posts and Telephones, to control the Postmaster and Officer in Charge of Telephones, at present serving, whose services it is hoped to retain for the time being. Reilly made provision for such an appointment in his tentative estimates. The new officer should take up his appointment immediately after the " appointed date ".

I presume that the Treasury will see no objection to this course. The Post Office should be a self-supporting department; and although the figures of receipts and expenditure supplied by the Government of India show a small debit balance we assume that there will be some increase in the revenue from stamps when Aden has its own issue.

Yours, &c.,
H. R. COWELL.

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* No. 152. † 78097/36 [No. 7]: not printed.

78097/36 [No. 11]. No. 156.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. E. HALE (TREASURY).

DEAR HALE, Downing Street, S.W.1, 22nd July, 1936.

With reference to my letter of the 6th July*, about the future of the Post Office and Telephone services at Aden, we have now had further discussion with Sir B. Reilly, who is considering an alternative suggestion, namely that the postal and telephone services should be put under the general control of the new Treasurer or Finance Officer. In order that this possibility may be examined, we have in mind to send out on secondment an experienced officer to report on the existing services and make recommendations; and we contemplate that this might be done before the " appointed date ", the officer's salary being advanced by the seconding Colony.

I presume that the Treasury would see no objection to this course, which should result in a material economy in the end.

Yours &c.,

H. R. COWELL.

78097/36 [No. 12]. No. 157.

GENERAL POST OFFICE

to

COLONIAL OFFICE.

Postal Services Department, General Post Office, E.C.1,

SIR, 17th July, 1936.

With reference to your letter of the 6th of July†, concerning the arrangements for the transmission of mails between Aden and East Africa and other countries not served by ships plying between this country and India, I am directed by the Postmaster-General to say, for the information of the Secretary of State for the Colonies, that the separation of Aden from India will not, so far as can be foreseen, necessitate any change in these arrangements.

After the separation of Aden from India, it will fall to the Aden Post Office to account and correspond with other countries of the Postal Union in the same way as any other Colony which the Postmaster-General represents in Postal Union affairs; but any communication between the Post Office of Aden and the International Bureau of the Postal Union should be made through the British Post Office. No doubt the Indian Post Office will give suitable instructions to the Postmaster of Aden; and the Postmaster-General will also be prepared to give any advice which may be desired.

I am, &c.,

A. R. KIDNER.

78097/36 [No. 13]. No. 158.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

(No. 231.)

SIR, Downing Street, 29th July, 1936.

I have the honour to transmit to you a copy of correspondence‡ regarding the question whether the forthcoming separation of Aden from India will involve any change in the arrangements for mail communication with Aden.

I have, &c.,

W. ORMSBY GORE.

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* No. 155. † No. 154. ‡ Nos. 151, 152, 154 and 157.

78097/36 [No. 15].

No. 159.

THE SECRETARY OF STATE

to

THE GOVERNOR OF KENYA.

[*Answered by No. 160.*]

(No. 629.)

SIR,

Downing Street, 17th August, 1936.

I have the honour to inform you that in connexion with the forthcoming separation of Aden from India and the assumption of responsibility for its administration as a Colony by the Colonial Office I have under consideration the question of the appointment of an officer to advise and report upon the future organization of the Departments of Posts and Telephones in Aden. These Departments have hitherto been branches of the Post and Telegraph Department of India, but it is proposed to constitute them as a separate Department under the general control of the Finance Officer, existing staff being retained for the time being.

2. It is thought that an officer suitable to undertake this duty might be found from the combined Postal Department for Kenya, Uganda and Tanganyika and I shall be obliged if you will inform me whether you would be prepared to second an officer for the purpose.

3. The selection would be left to you but it should be mentioned that an officer with good administrative experience at headquarters and an aptitude for that work would be preferable. Since arrangements will have to be made with the General Post Office regarding different postal matters before the date of transfer, viz., 1st April, 1937, it is desirable that the officer deputed should arrive in Aden early in January, 1937. It is anticipated that the period of secondment would be not more than six months.

4. The salary of the officer, the cost of return passages and a subsistence allowance at the rate of 25*s*. a day would be payable from Aden funds. It is also proposed that the officer should receive additional pay of £10 per month for the period of service at Aden, with a minimum of £50. A pension contribution for the period of secondment would also be paid from Aden funds.

5. I shall be obliged if you will report to me as soon as possible whether you are prepared to release from duty an officer to whom the terms described above are acceptable.

I have, &c.,

W. ORMSBY GORE.

78097/36 [No. 16].

No. 160.

KENYA.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 8th September, 1936.)

[*Answered by No. 161.*]

(No. 448.)

SIR,

Government House, Nairobi, 29th August, 1936.

With reference to your despatch No. 629 of the 17th August*, regarding the secondment of an officer from the combined Postal Department for Kenya, Uganda and the Tanganyika Territory, to the Department of Posts and Telephones, Aden, I have the honour to inform you that I am prepared to second Mr. H. C. Willbourn, Assistant Postmaster-General, for the purpose of advising and reporting upon the future organization of the separate Postal Department to be constituted in Aden.

The Postmaster-General in recommending this officer for the appointment states that he regards him as being eminently suitable for the purpose required. I concur in this opinion.

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* No 159

2. Arrangements can be made for Mr. Willbourn to arrive in Aden early in January next but it is suggested that the maximum period of secondment should be limited to four months.

3. Mr. Willbourn has been advised of the contents of your despatch under reference and is agreeable to secondment on the terms indicated.

4. I shall be glad to learn at an early date whether you agree to the secondment of Mr. Willbourn in order that the necessary arrangements can be made here.

I have, &c.,

J. BYRNE,

Brigadier-General,

Governor.

78097/36 [No. 18]. No. 161.

KENYA.

THE SECRETARY OF STATE

to

THE GOVERNOR.

(No. 789.)

SIR, Downing Street, 8th October, 1936.

I have the honour to refer to your despatch No. 448 of the 29th of August* and to thank you for your offer to second Mr. H. C. Willbourn, Assistant Postmaster-General, for the purpose of advising and reporting upon the future organization of the separate Postal Department to be constituted in Aden. I gladly accept your offer and have informed the Acting Resident at Aden of the proposed arrangement. I shall be obliged if you will make direct with him any necessary arrangements in connexion with Mr. Willbourn's secondment.

2. I have noted your suggestion that the period of Mr. Willbourn's secondment should be limited to four months and have requested the Acting Resident at Aden to endeavour to secure such a limitation. You will, however, appreciate that it is not possible to be certain, until Mr. Willbourn has studied the position, that four months will suffice.

I have, &c.,

W. ORMSBY GORE.

78097/36 [No. 19]. No. 162.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

(No. 312.)

SIR, Downing Street, 8th October, 1936.

I have the honour to inform you that in connexion with the forthcoming separation of Aden from India I have had under consideration, in consultation with Sir Bernard Reilly, the question of appointing an officer to advise and report upon the future organization of the Departments of Posts and Telephones in Aden. I enclose, for your information, a copy of a despatch† to the Governor of Kenya enquiring whether an officer suitable to undertake this duty could be found from the combined Postal Department for Kenya, Uganda and Tanganyika; and also a copy of the Governor's reply‡ recommending for the appointment Mr. H. C. Willbourn, Assistant Postmaster-General.

2. It is proposed to accept the Governor's offer to release Mr. Willbourn for temporary duty in Aden, and I have accordingly requested him to make direct with you any necessary arrangements in connexion with this officer's secondment.

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* No. 160. † No. 159. ‡ No. 160.

3. You will note that in the second paragraph of the Governor's despatch it is suggested that the maximum period of secondment should be limited to four months, and I shall be obliged if you will endeavour to ensure as far as possible that this period is not exceeded. The Governor has, however, been informed that until Mr. Willbourn has studied the position it is not possible to be certain that four months will suffice.

4. With regard to the question of eventual organization, it is proposed to place the Departments of Posts and Telephones in Aden under the general control of the new Finance Officer, unless Mr. Willbourn reports in favour of some alternative arrangement.

I have, &c.,

W. ORMSBY GORE.

78097/36 [No. 21]. No. 163.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

[*Answered by No. 164.*]

MY DEAR BLAXTER, India Office, S.W.1, 5th November, 1936.

Will you kindly refer to Cowell's letter to Walton dated 11th April* about the postal and telephone administration at Aden. I now enclose, for your information, a copy of a letter from the Government of India which deals with the question of postal staff. This question links up, of course, with the main question of the future of Aden personnel generally.

The Government of India's letter appears to be quite satisfactory but it is necessary to answer the question which they ask in paragraph 6. The answer in fact seems to be given in your despatch to Aden of the 29th July, No. 228†, in regard to the future conditions of service of subordinate staff and if you agree, we would propose to refer the Government of India to that Despatch. Probably the Department of Industries and Labour, who have written this letter, have not seen the Despatch in question.

Yours, &c.,

M. J. CLAUSON.

Enclosure in No. 163.

GOVERNMENT OF INDIA (DEPARTMENT OF INDUSTRIES AND LABOUR) INDIA OFFICE.

[*Answered by No. 165.*]

SIR, Simla, 13th October, 1936.

I am directed to refer to Mr. Clauson's letter No. P.Z. 2623/36, dated the 5th May, 1936‡.

2. The attached statement supplies the information required regarding the scales of pay and conditions of service in respect of leave, pension, etc., for members of the staff employed in the Postal and Telephone Services of Aden.

3. It is estimated that only five members of the staff recruited in India are unwilling to continue to serve at Aden after its transfer from the control of the Government of India. Appointments for these men can be found in India. No question of pensionary concessions to such persons is therefore likely to arise.

4. Of the staff recruited locally in Aden for service there, a number are reported to be unwilling to continue to serve after transfer. They have been informed that they cannot expect to be retained in the service of the Government of India after the transfer and that there is no possibility of their receiving posts in India. Provided that they are guaranteed terms and conditions not less favourable than those which govern them at present, the Government of India consider that they can have no sufficient reason for

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* No. 150. † No. 230. ‡ No. 153.

declining to continue in service and that no equitable case for compensation would arise if any of them persisted in such refusal. The Government of India understand that the reluctance of some of the employees to continue to serve there after the transfer is due to uncertainty as to their pay and prospects under the new administration. If assurances are given to the staff that their services will continue to be on exactly the same terms and conditions as those under which they are at present serving, the number unwilling to continue in service should be materially reduced.

5. The reasons for suggesting financial adjustments between India and Aden are recorded in the memorandum which accompanied Mr. Nixon's letter No. D.1079/Ref./36, dated the 7th May 1936 to the Under Secretary of State for India, Political Department. The necessity for the payment of the capital value of the Post Office and Telephone buildings and other assets referred to in paragraph 8 of the memorandum has been accepted by the Colonial Office subject to the question of a revision of the rate of depreciation. (*Vide* Mr. Cowell's letter dated the 30th July 1936* forwarded under India Office letter No. P.Z. 5526/36, dated the 15th August 1936†. A reply to that letter is being sent separately.)

6. It is proposed to discuss a number of questions connected with the transfer of the Aden postal and telegraph personnel with Sir Bernard Reilly when he pays his contemplated visit to New Delhi in the ensuing winter and it will assist these discussions if the views of the Colonial Office on the subject of the pay and conditions for locally recruited staff can be made available to the Government of India in the meantime.

I have, &c.,

A. G. Clow,

Secretary to the Government of India.

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* No. 200. † Enclosure to 78128/36 [No. 21]: not printed.

Statement showing scales of pay and conditions of service in respect of leave, pension, etc., of the staff employed in the Postal and Telephone Services of Aden.

Class of staff.	*Number in each class.*	*Existing scales of pay.*	*Whether in superior service or inferior service.*	*How many in each class are governed by the old leave rules, how many by rules in the Fundamental Rules and how many by the revised leave Rules, 1933.*	*Whether belonging to the pensionable establishment or to the non-pensionable establishment.*
		POSTAL			
Postmaster	1	250–20–350	Superior	Fundamental Rules	Pensionable
Deputy Postmaster	1	160–10–250	do.	do.	do.
Sub-Postmaster, Aden Camp	1	160–10–250	do.	do.	do.
Clerical posts in old grade	24	60– 5–160	do.	do.	do.
Lower division clerks	1	60– 4–100	do.	do.	do.
2nd grade reserve clerks	4	45–45–3–90	do.	Revised leave rules, 1933	do.
Head postman	1	60– 4–100	do.	Fundamental Rules	do.
Stamp vendor	1	30– 1– 50	do.	do.	do.
Postmen	15	30– 1– 50	do.	do.	do.
Inferior servants	14	25–1/8–30	Inferior	do.	do.
Runners	6	18– ¼– 19	do.	do.	do.
		ENGINEERING			
Engineering Supervisor, Telephones	1	80–5–100–10–250–20–350	Superior	Old leave rules	do.
Sub-Inspector	1	40– 5–110	do.	Fundamental Rules	do.
Linemen	3	24– ½– 34	do.	Revised leave rules, 1933	do.
Assistant Mechanic now designated as Telephone Inspector.	1	Mechanic : 45–3–96–100 Tele. Inspector : 45–45–3–90	do.	do.	do. as Tele. Inspector.
Telephone operators	5	45–45–3–90	do.	do.	Pensionable
Chowkidar (temporary)	1	Fixed pay, Rs. 18/–	Inferior	do.	Non-pensionable
Sweeper	1	Fixed pay, Rs. 10/– for contingent charges.	do.	do.	do.
Linemen (temporary)	2	Rs. 24/– each—minimum of the time scale of pay.	Superior	do.	Pensionable if made permanent.
Telephone operator (temporary)	1	Rs. 45/—minimum of the time scale of pay.	do.	do.	do.

78097/36 [No. 22]. No. 164.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. M. J. CLAUSON (INDIA OFFICE).

MY DEAR CLAUSON, Downing Street, S.W.1, 5th December, 1936.

Will you please refer to your letter of the 5th of November* about the future position of subordinate staff employed under the Postal and Telephone Administration at Aden.

With regard to paragraph 3 of the letter of the 13th of October† from the Department of Industries and Labour, we agree that it would be best to refer the Government of India to the Secretary of State's despatch to Aden No. 228 of the 29th of July‡ in which the views of the Colonial Office on the pay and conditions of the locally recruited staff are fully set out. The assurances given in that despatch should suffice to dispel the doubts of most of the members of the staff who are reported to be unwilling to continue to serve after transfer. We note that the Government of India agree with us that locally recruited members who persist in their refusal to serve after transfer, in spite of being guaranteed their existing terms and conditions of service, have no equitable claim for compensation.

It is satisfactory to note that the Government of India will be able to find appointments in India for the members of the staff recruited in India who are unwilling to continue to serve at Aden after its transfer to the Colonial Office.

Yours, &c.,

K. W. BLAXTER.

78097/36 [No. 24]. No. 165.

INDIA OFFICE

to

GOVERNMENT OF INDIA.

(DEPARTMENT OF INDUSTRIES AND LABOUR).

(Copy received in Colonial Office, 12th December, 1936.)

SIR, India Office, S.W.1, 11th December, 1936.

I am directed to refer to your letter dated the 13th October§ regarding the staff employed in the Postal and Telephone Services at Aden, a copy of which has been forwarded for information to the Colonial Office.

2. It is noted with satisfaction that the question of pensionary compensation to members of the staff recruited in India and unwilling to continue to serve after transfer is not likely to arise.

3. In regard to paragraphs 4 and 6 of your letter, I am directed to refer to Colonial Office Despatch to Aden No. 228 of the 29th July 1936||, of which a copy was sent to the Foreign Secretary to the Government of India by the Air Mail of the 26th August under No. P.Z. 6068/36. The Despatch makes it clear that the pledge given by His Majesty's Government in 1933 that all Indian administrative personnel at Aden at the time of transfer would be retained on the terms of service under which they were then serving (subject only to modification by mutual consent) applies equally to all members of the subordinate staffs at Aden.

I am, &c.,

M. J. CLAUSON.

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* No. 163. † Enclosure in No. 163. ‡ No. 230. § Enclosure in No. 163. || No. 230.

3. ADEN SALT TRADE

78060/35 [No. 5]. No. 166.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. J. C. WALTON (INDIA OFFICE).

[*Answered by No. 167.*]

MY DEAR WALTON, Downing Street, S.W.1, 23rd May, 1935.

We have recently had a visit from Mr. Lalljee, one of the leading Aden salt manufacturers, who wished to discuss the position of the Aden salt trade when the Aden Settlement is transferred to the Colonial Office. He came to see Clauson at Turner's suggestion.

Mr. Lalljee pointed out that the Aden salt manufacturers supply half the needs of India in respect of salt and that they exported to India 275,000 tons of salt annually. They pay to the Aden Settlement a royalty on every ton of salt exported, and considerable rents for the lands which they occupy: and it is due to the existence of their industry that the port of Aden is provided with sufficient lighterage and skilled labour to handle cheaply and expeditiously the remainder of the traffic passing through the port. There is at present charged on all salt consumed in India a duty of 1 rupee 9 annas per maund. In the case of internally produced salt this is an excise duty, and in the case of imported salt there is an import duty equal to the excise duty. Mr. Lalljee has apparently no complaint regarding this charge, which will presumably continue in the future as it supplies 5 per cent of the Government of India's revenue, but he pointed out that there is at present an Additional Import Duty on salt imported into India. Salt produced at Aden, which is at present part of India, does not pay this Additional Import Duty. Mr. Lalljee fears that, when the transfer takes place, this preferential treatment for Aden salt will cease, or possibly that the Additional Import Duty might be abolished. In either event he anticipates that, owing to considerable foreign competition from, for example, neighbouring salt works in Italian Somaliland and Eritrea, notably at Assab and Ras Hafun, which might be conducted on wholly uneconomic lines in order to divert shipping business from Aden to these ports, the Aden salt industry will be ruined. If this happened, the Aden Settlement would lose the large revenue which it at present obtains both directly or indirectly from the salt industry, the whole economy of the Port Trust would break down, and it might well be that the port would lose a great part of its present importance owing to a diminution in efficiency.

Mr. Lalljee handed to us copies of recent memorials to the Viceroy and to Sir Samuel Hoare on the matter: the former is dated from Bombay the 19th March: our copy of the latter is undated, but it is clearly later in date than the 18th April, as that is the date of a meeting held at the Indian Salt Association Office which is recorded in an appendix to the memorial. In view of the definite interest which the Colonial Office has in this question, would it be too much to ask that, if these petitions have not already been answered, we should be consulted before replies are sent?

We have been aware, of course, that the position of the salt industry at Aden would need careful consideration when the time for the transfer comes and we have had some correspondence with the Resident on the matter. Reilly has asked that consideration should be given to the position in order that the salt industry should not be prejudiced. We have, however, up to the present regarded this as a question which would have to be settled when other matters relating to the transfer were under examination. Moreover, we have realized that the views of the Government of India, as expressed in 1933, were that it would be for the Indian Legislature of the future to decide what treatment should be accorded to salt from Aden. Government of India telegram of the 31st August, 1933, to the Secretary of State for India, a copy of which was enclosed in your official letter of the 1st September, 1933*, refers to this. Mr. Lalljee, however, pressed strongly that consideration should be given to the insertion of some provision in the Government of India Bill to safeguard the position of the Aden salt manufacturers. He said that there was already a provision in the Government of India Bill safeguarding the position of

* No. 27 in Middle East No. 50.

trade between India and Burma. I presume that it is Clause 443 to which he refers. There seems to be considerable similarity between the position in Burma, which is also being separated from India, and that at Aden, and the fact that these special provisions are being made for Burma seems to afford a precedent justifying a reconsideration of the 1933 decision, if in fact the views then expressed amounted to a decision. Moreover, in view of the very serious loss of revenue to the Aden Administration which would result from a decline in the Aden salt industry, there certainly seems to be " prima facie " a case for making some provision, such as is suggested, in the Bill, unless there are factors in the case (of which we are unaware) which make it impossible. I think that the Treasury, who might be faced with having to make a grant-in-aid to the Aden Settlement if revenue declines, might very well wish to support such a proposal and it is possible that the Service Departments also would wish to express their views on the subject, since clearly any drastic reduction in the lighterage and labour force available at Aden might seriously affect their plans for the despatch of stores and reinforcements in the event of war on the Indian frontier or in the Far East.

Would you kindly let me have your views on the matter?

Yours, &c.,

H. R. COWELL.

78060/35 [No. 7]. No. 167.

MR. E. J. TURNER (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

DEAR COWELL, Whitehall, S.W.1, 13th June, 1935.

Walton has passed on to me your letter of the 23rd May*, about the position of the Aden salt trade when the Aden settlement is transferred to the Colonial Office.

In reply, I send you herewith a copy of a letter to Lalljee, which issued on the 31st May†. As you will see, this letter declines to propose to Parliament any modification in the relevant Clauses of the Government of India Bill, but promises to forward Lalljee's letter of the 14th May to the Government of India for consideration. That is to say, the request that the Government of India should be compelled to give favourable treatment to Aden salt is rejected, but a promise is given that they will be asked to consider and decide for themselves the case for such favourable treatment as stated by Lalljee. I much regret that by an oversight we allowed this letter to issue without getting consideration given to your suggestion that, if Lalljee had not already been answered, no answer should be sent to him without the Colonial Office being consulted.

It is however not too late for the Secretary of State to give consideration to any views the Colonial Office may wish to express, as Lalljee would have no grievance if the decision in the letter of the 31st May, in so far as it is unfavourable to him, were reversed.

I am however asked to point out to you that the present position is that United Kingdom salt has to pay the import duty from which Aden salt is exempt. If the Secretary of State wished to put anything in the Bill to safeguard the preferential treatment of Aden salt, he would have to consider whether he would or would not require the same treatment to be given to United Kingdom salt. We think Mr. MacDonald will appreciate the difficult position in which he would find himself whichever of these alternatives he might choose.

Another difficulty in the way of doing anything to meet Lalljee's views as expressed in his letter to us, is that when the import duty on salt was first proposed, and on several occasions when its renewal has been under consideration, the Secretary of State has taken up a severely critical attitude concerning it in letters and telegrams to the Government of India. I enclose herewith a copy of the latest and most comprehensive of these dated 18th October, 1934†, together with an extract† from the recent Budget Speech of the Finance Member (Sir J. Grigg) dealing with the question of the abolition of the duty altogether. I might add for your own information that although Government

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* No. 166. † Not printed.

proposed on this occasion that the duty should be extended until 30th April, 1936 (which has since been agreed to by the Indian Legislature), it is their intention to abandon it altogether at the end of that time unless they see very strong reason in the interval for changing their mind. In this connexion I would remark that we gathered, from what Mr. Lalljee told us orally, that if there were no protective duty the Aden industry would have no grievance, as they could make private quota arrangements with their Indian competitors.

Finally, as regards the suggested analogy between this matter and that of the Burma separation. Between India and Burma there are several trades that would suffer very seriously from the dislocation that would follow a sudden upset of the favourable treatment they enjoy under the present regime; but in the present case the only duty requiring serious consideration is that on Aden salt imported into India, since Aden is a free port and there are no imports worth mentioning of Aden products other than salt into India. And if the additional import duty on salt is abolished, Aden will have no worse grievance than that its salt will be put back into the position it was in relatively to other kinds of salt up to 1931.

Yours, &c.,

E. J. TURNER.

78060/35 [No. 8].

No. 168.

COLONIAL OFFICE

to

INDIA OFFICE.

[*Answered by No. 169.*]

SIR, Downing Street, S.W.1, 21st June, 1935.

I am directed by Mr. Secretary MacDonald to invite the attention of the Secretary of State for India to the position of the salt industry of Aden after the transfer of the Administration to the Colonial Office.

2. Since 1931 the salt producers of Aden have benefited from the additional import duty imposed on salt imported into India. Mr. MacDonald understands that the abolition of this duty is now under consideration. It might be argued that, if the duty is abolished Aden will be in no worse position than it held prior to 1931. But a new factor has arisen in the establishment of large salt works in Eritrea and Italian Somaliland; and it has been represented that there is a danger of the Italian Government subsidizing these works to an extent which will make them serious competitors with Aden, and indeed with producers in India itself.

3. The salt industry of Aden is by far the largest industry of the Dependency, and any serious diminution in its prosperity would have deplorable effects on employment, and on the revenue of the Government. Further it is contended that a material reduction in the shipments of salt would result in a deterioration of the lighterage, labour force and other facilities to the detriment of the efficiency of the port. Any such result would no doubt be prejudicial to the trade of India which is conducted through Aden both with the inhabitants of the Settlement and the Protectorate and with neighbouring foreign countries.

4. In these circumstances Mr. MacDonald would wish to press for some security that, in the event of any change in the existing basis of the salt duties in India, the interests of Aden will be safeguarded against foreign competition. This security could be given by a provision in the Government of India Bill in regard to Aden on lines similar to those laid down in Clause 443 in regard to Burma; and I am to enquire whether it would be possible to secure the insertion of such a provision in the Bill, or alternatively to give an assurance that the separation of Aden from India will not be allowed to involve undue disturbance with the trade in salt between Aden and India.

I am, &c.,

H. R. COWELL.

78060/35 [No. 11].

No. 169.

INDIA OFFICE

to

COLONIAL OFFICE.

Whitehall, S.W.1, 28th June, 1935.

SIR,

I am directed by the Secretary of State for India to acknowledge the receipt of your letter of the 21st June*, regarding the Aden salt industry.

In reply I am to say that the Marquess of Zetland has carefully considered the suggestion that a provision should be included in the Government of India Bill on lines similar to Clause 448 of the Bill—that is Clause 448 of the Bill as amended in Committee and on report, which corresponds to Clause 443 of the Bill in its earlier stages—but for the reasons explained in the following paragraphs he regrets that he is unable to accept it.

The present position as between India and Burma is that there are no import duties on goods passing in either direction, so that Indian goods imported into Burma and Burmese goods imported into India are sheltered from the competition of oversea countries by the import tariff. If no provision were made in the Bill for preventing undue disturbance of trade between the two countries in the period immediately following separation, the full Indian tariff without any preferences would apply on and after the day of separation to goods imported into India from Burma and into Burma from India, with the result that several established trades of considerable importance would suffer ruinous dislocation. It was therefore considered necessary to arrange for India and Burma before separation to enter into negotiations with a view to concluding a trade agreement. This trade agreement is practically concluded, and the intention is that the Order in Council to be issued under Clause 448 shall give effect to the provisions of the Agreement in so far as they are accepted by Parliament.

In the case of Aden the position is different in several respects. In the first place since Aden is and is to continue to be a free port, goods imported into Aden from India will, without any special provision being made in the Bill, be in the same position after separation as before.

Secondly, by Section 3 (*e*) of the Indian Sea Customs Act, 1878, the term " foreign port " is defined as meaning "Aden and any place beyond the limits of British India." The effect of this is that all Indian import duties apply to goods originating in Aden unless specially exempted by legislation; and except in the case of the additional import duty on salt imposed in 1931 no such exemption has been made in favour of any product of Aden.

Furthermore, since the intention is that Aden (unlike Burma which will inherit the fiscal autonomy of India) shall be a Colony after separation, it would have been a completely anomalous proceeding for a trade agreement regulating the tariff position after separation to be arranged between Aden and India.

Finally, it is not contemplated that the Order in Council to be issued under Clause 448 shall give directions to the Government of India or the Government of Burma to impose duties not in existence at the moment of separation or to alter the rates of duty in force at that moment. In his Budget speech this year Sir James Grigg made a statement (copy enclosed)† which implied a probability that the additional import duty on salt would be removed in next year's Budget. If this is done, an Order in Council on the model of that contemplated in Clause 448 would not be of any use in the present connexion.

In view of the above considerations the Secretary of State cannot regard the grounds that have justified the temporary interference with India's fiscal autonomy involved in Clause 448 as justifying the greater interference with that fiscal autonomy that would be involved in giving directions to the Government of India as to the duty to be imposed on Aden salt after separation.

It should be further noted that the Order in Council is intended to have effect for a limited period only (probably three or five years) after which the Government of India will be free to impose such duties as they choose on imports from Burma. On a long view, an Order in Council benefiting Aden salt for a similar period against the wishes of the Government of India would be of doubtful value to Aden.

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* No. 168. † Not printed.

Your letter enquires whether as an alternative to a provision on the lines of Clause 448 it would be possible to give an assurance that the separation of Aden from India will not be allowed to involve undue disturbance in the trade in salt between Aden and India. In view of the Fiscal Autonomy Convention the Secretary of State regrets that he is unable to give an assurance in these terms. He gladly assures the Secretary of State for the Colonies, however, that in any future tariff negotiations that may take place between India and the United Kingdom, he will support any reasonable proposal that may be put forward for such measure of favourable treatment of Empire salt as may be necessary to secure its position in competition with salt from foreign countries, especially if the competing foreign salt were assisted by Government subsidies of the kind contemplated in paragraph 2 of your letter.

I am, &c.,

C. KISCH.

78060/35 [No. 12]. No. 170.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT).

MY DEAR REILLY, Downing Street, S.W.1, 13th August, 1935.

You will remember that a short time ago we discussed with you the vexed question of Aden salt, and that we decided to press the India Office to consider the insertion of a provision in the Government of India Bill to safeguard the interests of the Aden salt industry.

I enclose a copy of our correspondence* with the India Office which shows that, as we expected, our attempt has failed. We have not thought that there is anything to be gained by pressing further for alternative safeguards at the present time.

Yours, &c.,

A. BEVIR,

For H. R. COWELL.

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4. ECCLESIASTICAL AFFAIRS

78085/35 [No. 2]. No. 171.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by 78085/35 [No. 3]: not printed*].

SIR, Whitehall, London, S.W.1, 15th July, 1935.

I am directed by the Marquess of Zetland to enclose, for the information of Mr. Secretary MacDonald copy of a letter with enclosures which he has received from the Government of India on the subject of the provision to be made for Ecclesiastical affairs in Aden in the event of its separation from India.

It will be seen that it is proposed that Aden should continue to form, as at present, a part of the diocese of Bombay under the Church of India, Burma and Ceylon, and that the Government of India should continue to post two chaplains of the Indian Ecclesiastical Establishment at Aden, on the condition that the whole cost of the provision is borne by His Majesty's Government in the United Kingdom.

This proposal was based on the understanding that it would be possible to compel a chaplain of the Indian Establishment to serve in Aden, and without the possibility of compulsion the scheme would, as pointed out by the Bishop of Bombay, be unworkable. The India Bill, however, does not contain any provision which would enable an Indian

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* Nos. 168 and 169.

chaplain to be seconded for service in Aden against his will, and Lord Zetland does not consider that it would be proper to insert any such provision. It would therefore seem necessary to devise some other method of making provision for Ecclesiastical affairs in Aden after its separation from India, and Lord Zetland feels that it would be useful if the questions involved could be discussed in the first instance at a meeting of representatives of the Colonial Office, the Air Ministry and this Office. If possible, the Chief Commissioner of Aden also would be invited to be present at the discussion.

I am, therefore, to suggest that if Mr. MacDonald sees no objection, a representative or representatives of the Colonial Office should be invited to confer with members representing the India Office for the purpose of a preliminary discussion of the questions involved. It is suggested that the meeting might take place some time during July.

I am, &c.,

R. T. PEEL.

Enclosure in No. 171.

(No. 58 (8)—Eccl.)

Department of Industries and Labour, Simla,
2nd May, 1935.

SIR,

I am directed to say that the Government of India have had under consideration, in consultation with the Government of Bombay, the Chief Commissioner, Aden, and the Ecclesiastical authorities of the Church of India, the question of the provision to be made for Ecclesiastical affairs in Aden in the event of its separation from India, under clause 270 of the Government of India Bill.

2. I am accordingly to forward, for the information and consideration of the Secretary of State for India, a copy of papers, together with a memorandum which has been prepared by the Government of India outlining the arrangements proposed.

I have, &c.,

A. G. CLOW,

Joint Secretary to the Government of India.

His Majesty's Under Secretary of State for India,
Public and Judicial Department,
India Office, Whitehall,
London.

Sub-enclosure 1 in No. 171.

Copy of letter No. 775-B, dated the 30th August, 1934, from the Secretary to the Government of Bombay, Ecclesiastical Department, Bombay Castle, to the Secretary to the Government of India, Department of Commerce.

I am directed by the Governor in Council to refer to the letter from the Government of India, Department of Commerce, No. 58 (8)—Eccl., dated the 8th February, 1934, on the question of making provision for Ecclesiastical affairs in Aden in the event of its separation from India, and to forward herewith, in continuation of my letter No. 775-B, dated the 12th June, 1934, copies of the reports* received from the Chief Commissioner, Aden, the Right Reverend the Lord Bishop of Bombay* and the Accountant-General, Bombay*.

2. The Government of Bombay agree with the Government of India that in the event of Aden being separated from India the present arrangement by which Aden forms part of the diocese of Bombay and is served by two chaplains of the Indian Ecclesiastical Establishment should be continued. They also agree that the chaplains should for the time being be treated as in foreign service and that His Majesty's Government should bear not only the expenditure on account of their pay and allowances but also the usual contribution on account of their pensionary charges and, by special arrangement, leave contribution under Fundamental Rule 123 (*b*). The Government of Bombay, further, consider that arrangement should also be made to recover from His Majesty's Government contribution on account of passages for the chaplains concerned in accordance with rule 20 in Appendix 15 to the Audit Code, Volume II.

3. The sanctioned strength of the Bombay cadre of the Indian Ecclesiastical Establishment (Church of India) is sixteen at present, which includes the two chaplaincies at Aden. The number is made up as follows:—

1	Archdeacon.
12	Senior and Junior Chaplains (including one Field Service post).
3	Leave Reserve.
Total 16	

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* Not received in Colonial Office.

As it is proposed to continue Aden as a part of the Bombay diocese, the two chaplains who will be deputed on foreign service in Aden will retain their liens on the posts in the Bombay cadre. As two chaplains will always be on deputation to Aden, the Government of Bombay consider it appropriate to create a deputation reserve of two chaplains and reduce the number of chaplains required for service in India from twelve to ten. The sanctioned strength will not be affected by the proposed change and will continue to remain at sixteen as shown below:—

1 Archdeacon.
10 Senior and Junior Chaplains (including one Field Service post).
2 Deputation Reserve.
3 Leave Reserve.

Total 16

4. As regards the present members of the subordinate Ecclesiastical Establishment at Aden, a list of whom was forwarded with my letter No. 775-B, dated the 12th June, 1934, the Government of Bombay are of opinion that their services should be lent to His Majesty's Government who should meet their emoluments as well as charges for leave and pension contribution and that they should be allowed to retain their full rights of leave and pension under the rules of the Indian Government. The sanction of the Secretary of State for India will however be necessary to their being treated as on foreign service as there will be no posts on the subordinate Ecclesiastical Establishment in India on which they could retain a lien while in foreign service.

5. The Chief Commissioner, Aden, has suggested in his letter No. 3536, dated the 2nd June, 1934, that the contribution payable by the Air Ministry should be raised from three-fourths of the cost of one chaplain to the whole cost of one chaplain and that the Air Ministry should also be called upon to pay half the cost of the subordinate Ecclesiastical Establishment. The Bishop of Bombay is of opinion that the suggestion made by the Chief Commissioner, Aden, should not be pressed if it is likely to create any difficulty and the Government of Bombay are in agreement with this view.

6. The recovery of contributions payable by the Air Ministry (London) and the contribution payable by the War Office for the Chowkidars, referred to in paragraph 3 of your letter under reference, will have to be watched by the Home Government in the event of Aden being separated from India.

7. The Bishop of Bombay has in his letter No. 162, dated the 19th June, 1934, raised *inter alia* the following points:—

(i) He wishes to be assured that the proposed transfer of the control of Aden to His Majesty's Government and consequent transfer of the chaplains to foreign service will not involve the chaplains in financial loss. The Government of Bombay trust that it will be possible to give such an assurance to the Bishop of Bombay.

(ii) He also wishes the question of the grant of Aden allowance to the chaplains to be reopened. In this connexion attention is invited to the correspondence ending with the letter from the Government of India, Department of Commerce, No. 43 (13)—T. & E. (Eccl.), dated the 24th November, 1930, in which the Government of India negatived the proposal for the grant of a compensatory allowance of Rs.100/- a month to the chaplains of the Indian Ecclesiastical Establishment stationed at Aden in view of the financial position. These orders of the Government of India were communicated to the Bishop of Bombay. In reply to a subsequent reference from the Bishop of Bombay, he was informed in April, 1931, that the Government of India were not at that time likely to give a general undertaking that they would favourably consider an application for the grant of compensatory allowance to the chaplains serving at Aden when the financial situation improved, and that the best course would be for him to renew his application for the grant of the allowance when the financial situation improved. The Government of Bombay consider that it is now necessary to reopen the question of the grant of compensatory allowance to the chaplains at Aden and to remove the grievance which now exists owing to its refusal.

(iii) The Bishop of Bombay states that if the rule that no Government servant may be transferred to foreign service against his will were held to be applicable to chaplains to be lent to Aden, the arrangement would be unworkable. The Government of Bombay therefore recommend that with the sanction of the Secretary of State for India in Council the provisions of Fundamental Rules 110 (*a*) should not be allowed to operate in the case of chaplains so far as transfer to foreign service in Aden is concerned.

(iv) The Government of Bombay concur in the proposals made by the Bishop of Bombay in paragraph 3 (4) of his letter about adequate provision being made for episcopal visits to Aden.

8. As regards paragraph 4 of your letter under reference, I am to say that the Government of Bombay agree to the transfer of the Ecclesiastical buildings and cemeteries to His Majesty's Government free of cost, but they are of opinion that the sanction of the Secretary of State will be necessary for the transfer, as the buildings were constructed from the revenues of India. As pointed out by the Bishop of Bombay, the Government of India have certain rights and duties in regard to these buildings under the Indian Church Act and the Statutory Rules made thereunder and it will be necessary to provide that His Majesty's Government should have the same rights and duties.

No. 3363. The Residency, Aden, 26th May, 1934.

SIR,

In reply to your letter No. 775-B, dated 8th March, 1934, and subsequent reminders regarding the provision to be made for Ecclesiastical affairs in Aden in the event of its separation from India, I have the honour to state that the majority of the members of the Church of England in Aden are officers and men of the Royal Artillery and the Royal Air Force. They number about 450 as compared with about 140 civilian members of the Church of England. For this reason I have asked the Officer Commanding British Forces in Aden for his views on the question which you have put me, and I am awaiting his reply before sending my answer to you, which I hope to do very shortly.

2. Meanwhile I enclose a list* of the Church and cemetery servants serving in Aden.

I have, &c.,
(Sd.) B. R. REILLY,
Chief Commissioner.

The Under Secretary to the Government of Bombay,
Ecclesiastical Department.
Through the Right Reverend the Lord Bishop of Bombay.

No. 3536. The Residency, Aden, 2nd June, 1934.

SIR,

I have the honour to refer to your letter No. 775-B, dated 8th March, 1934, and to my reply No. 3363, dated 26th May, 1934. I have now received a reply from the Officer Commanding British Forces in Aden, and I enclose a copy of it. Group-Captain Portal's views are of importance in view of the fact that about three-fourths of the members of the Church of England in Aden belong to the Royal Artillery and the Royal Air Force, as stated in my letter of 26th May. It will be seen that from the point of view of the religious needs of Service personnel under his Command he would be entirely satisfied if the present arrangements are maintained, whereby Aden would remain in the diocese of Bombay and two Church of England chaplains of the Indian Ecclesiastical Establishment would be available between Steamer Point, Crater and Khormaksar, to minister to the Service and civilian congregation.

2. I am also in agreement with this proposal, which is one that I suggested to the India Office and the Colonial Office when I was on leave in England last year. I consider, however, that, if this plan be adopted in the event of Aden passing under the Colonial administration, the Air Ministry should pay the whole cost of one of the two chaplains instead of, as at present, only three-fourths. In my opinion the Air Ministry should also pay half the cost of the up-keep of the subordinate Ecclesiastical Establishment.

3. With regard to paragraph 4 of Government of India's letter under consideration, I agree that the Ecclesiastical buildings and cemeteries at present maintained at Aden by the Government of India should be transferred free of cost to His Majesty's Government, as I consider that this principle should be applied to all assets and liabilities connected with the ordinary administration of Aden if it is transferred.

I have, &c.,
(Sd.) B. R. REILLY,
Chief Commissioner.

The Under Secretary to the Government of Bombay,
Ecclesiastical Department.
Through the Right Reverend the Lord Bishop of Bombay.

Headquarters, British Forces, Aden, 29th May, 1934.

SIR,

I have the honour to refer to your letter No. 2866, dated 4th May, 1934, on the subject of the arrangements to be made for the Ecclesiastical affairs of Aden in the event of its separation from India.

2. From the point of view of the religious needs of Service personnel in this Command, I should be entirely satisfied to see the present arrangements maintained whereby Aden would remain in the diocese of Bombay and two Church of England chaplains of the Indian Ecclesiastical Establishment would be available between Steamer Point, Crater and Khormaksar, to minister to the Service and civil congregations.

3. On the assumption, however, that His Majesty's Government would have to bear the whole cost of the services of both the chaplains referred to above, I presume that the Air Ministry might be called upon to incur additional expenditure calculated on the ratio of the number of Service personnel to civilians in the Church of England congregation in Aden.

It therefore appears possible that the Air Ministry might take the view that a single Royal Air Force chaplain could meet the needs of the garrison in both the Steamer Point and Khormaksar areas and that a second chaplain was therefore unnecessary from the point of view of the Fighting Services. As I am not in a position to state that a single Church of England chaplain could not

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* Not printed.

in fact meet all the needs of the personnel of that denomination in the garrison, I must ask that my agreement to the proposal that the present arrangement should continue may be taken as being subject to any views which the Air Ministry may hold on the matter.

4. If it is decided that a single Royal Air Force chaplain would meet the requirements of the garrison, I consider that he would be unable to devote any time to the needs of the civilian Church of England congregation except at Church services, to which of course they would be welcome.

I have, &c.,

(Sd.)

Group Captain,

Commanding British Forces in Aden.

The Resident and Chief Commissioner,
The Residency, Aden.

Sub-enclosure 2 in No. 171.

COPY OF LETTER NO. 412/B.9, DATED THE 14TH MARCH, 1935, FROM THE METROPOLITAN'S CHAPLAIN, BISHOP'S HOUSE, CALCUTTA, TO THE JOINT SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE, NEW DELHI.

Subject:—Provision to be made for Ecclesiastical affairs in Aden in the event of its separation from India.

In reply to your letter No. 58 (8)—Ecclesiastical, dated the 20th February, 1935, I am directed by the Metropolitan to say that he has no further observation to make with regard to the provision to be made for Ecclesiastical affairs in Aden in the event of its separation from India.

Sub-enclosure 3 in No. 171.

MEMORANDUM.

Proposals for the administration of Ecclesiastical affairs, in Aden in the event of its separation from India.

1. *Ecclesiastical Jurisdiction.*—It is proposed that Aden should continue to form, as at present, a part of the diocese of Bombay under the Church of India.

2. *Chaplains on the Indian Ecclesiastical Establishment (Church of India).*—Two chaplains belonging to the cadre of the diocese of Bombay are now posted to Aden and it is proposed that two should continue to be employed for the provision of ministrations to the military (mainly Royal Air Force) personnel as well as to " entitled " civilian personnel. While serving in Aden they would for the time being be on foreign service, and His Majesty's Government in the United Kingdom would meet their pay and allowances and would make the usual contribution to the Government of India on account of their passage and pensionary charges and also, as a special case, on account of leave charges (*vide* F.Rs. 115 and 123 (*b*) and rule 20 in Appendix 15 to Audit Code, Vol. II). The cadre of the diocese of Bombay should be revised so as to create a deputation reserve as follows:—

Present strength.	*Proposed strength.*
1 Archdeacon.	1 Archdeacon.
12 Senior and Junior Chaplains (including one Field Service post).	10 Senior and Junior Chaplains (including one Field Service post).
3 Leave Reserve.	2 Deputation Reserve.
	3 Leave Reserve.
Total 16	Total 16

The chaplains should receive the same pay and allowances as they would have received had they remained in service under the Government of India in order that their transfer to foreign service may not involve any financial loss to them. Ordinarily, no Government servant may be transferred to foreign service against his will (F.R. 110 (*a*)), but it is presumed that there would be no insuperable difficulty in prevailing upon two of the chaplains on the Bombay Ecclesiastical Establishment to agree to go to Aden. If, however, any difficulty is actually experienced in the matter, it may be necessary to consider whether F.R. 110 (*a*) should not be waived in the case of chaplains on the Bombay diocese in so far as their transfer to foreign service in Aden is concerned.

3. *Subordinate Ecclesiastical (Church and cemetery) Establishments.*—A list* is enclosed of such establishments now serving in Aden. Their emoluments would be defrayed by His Majesty's Government in the United Kingdom, together with a contribution towards the leave and pension charges of those persons who are in the permanent employ of the Government of India on the date of transfer. Such persons should retain their present rights in respect of leave and pension under the existing rules of the Government of India and should be treated as on foreign service, although there will be no posts in India on which they will retain a lien. Any new recruits to

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* Not printed.

the subordinate Ecclesiastical Establishments, or any persons holding appointments on a temporary basis (e.g., the Mali at Shaikh Othman War Cemetery) or by quite informal arrangement (e.g., the two church clerks who are drawn from the military or Royal Air Force units stationed at Aden) will not be governed by the Government of India rules.

4. *Episcopal visitation of the Bishop of Bombay to Aden.*—It is the practice of the Bishop of Bombay generally to visit Aden either on his way to England on furlough or on the return journey, and on an average furlough is taken once in every three years. In addition, he visits Aden from Bombay once between each visit on his way to and from England. The Bishop desires to adhere to this practice. It is suggested that His Majesty's Government should bear any charges incurred, and that the Government of India should not be responsible for such charges.

5. *Ecclesiastical buildings and cemeteries.*—These should be transferred free of cost to His Majesty's Government as when the responsibility for administration is transferred the connected assets and liabilities should also pass free of payment—cf. Sub-clause (5) of Clause 270 of the Government of India Bill.

6. *Indian Church Act, 1927, and Indian Church Statutory Rules.*—At present the Government of India have certain rights and are under certain obligations in the matter of maintenance of churches, etc., under the Indian Church Act and the Indian Church Statutory Rules, and it is desirable that His Majesty's Government in the United Kingdom should have the same rights and undertake the same obligations. It is presumed that the enactments which are already in force in Aden will continue in force until otherwise provided—cf. Sub-clauses (2) and (3) of Clause 270 of the Government of India Bill.

7. *Contribution now made to the Government of India by the Air Ministry towards the provision of religious ministrations at Aden.*—With the separation the question of the recovery of any contribution from the Air Ministry will no longer concern the Government of India.

78085/35 [Enclosure in No. 7]. No. 172.

ECCLESIASTICAL AFFAIRS IN ADEN.

MINUTES OF MEETING OF AN INTER-DEPARTMENTAL CONFERENCE HELD AT THE INDIA OFFICE ON 24TH OCTOBER, 1935, TO CONSIDER THE QUESTION OF THE PROVISION TO BE MADE, IN THE EVENT OF SEPARATION OF ADEN FROM INDIA.

Present:

MR. S. K. BROWN, C.B., C.V.O. (Chairman).
MR. H. R. COWELL, C.M.G.
LIEUTENANT-COLONEL M. C. LAKE } representing the Colonial Office.
MR. G. CALDER
MR. C. W. GULL } representing the Air Ministry.
MR. R. T. PEEL, M.C.
MR. G. E. SHEPHERD, O.B.E.
MR. D. M. CLEARY
VISCOUNT HOOD } India Office.

THE CHAIRMAN first referred to the constitutional position under the Government of India Act, 1935, and explained that it would not be possible in view of Section 269 of that Act* to continue to provide permanently chaplains from the Indian Ecclesiastical Establishment for service in Aden after its separation from India. At present the position is that the Government of India have accepted responsibility for making some provision for the supply of religious ministrations to the official civil population of Aden and their families.

MR. COWELL said that if the India Office stated that there was such an obligation, the Colonial Office would be prepared to accept it on the transfer of Aden to them but they would prefer to discharge their liability by paying a contribution to the Indian Church or to any other body supplying a chaplain for that purpose. He agreed that the Colonial Office would in addition be responsible for the maintenance of the church buildings and for incidental charges such as would arise in connexion with episcopal visitations. The two possibilities which presented themselves were either that the Church of India should continue to be responsible for religious ministrations at Aden, or that the Air Ministry should appoint a chaplain or chaplains to minister to the Royal Air Force at Aden with the additional duty of attending to the civil population.

COLONEL LAKE estimated the European civil population at Aden to amount to 140. They and the Royal Air Force personnel were at present ministered to by two chaplains. Colonel Lake said that the church at Crater has at present a very small congregation

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* Copy attached below.

and he considered that there was a good case for closing it down altogether. If this church were closed down he considered that there would be no justification for continuing to maintain two chaplains at Aden at Government expense.

MR. CALDER stated that the Air Council contemplated the appointment of one Royal Air Force chaplain to Aden to minister to the service personnel there. On the assumption that the Crater church was to be closed, COLONEL LAKE considered that it would be possible for the Royal Air Force chaplain to furnish adequate ministrations for the civil population in addition to his duties as service chaplain. MR. CALDER agreed to consider this suggestion and also undertook, at the suggestion of the Chairman, who thought that the civil population at Aden might require to be satisfied that such a chaplain was under proper ecclesiastical discipline, to consider whether there was any formal objection to a service chaplain ministering to the civil population.

It was agreed that, after the Air Ministry had considered and given their views on the two above-mentioned points, the India Office would inform the Government of India of the conclusions reached at this Conference and would ask the Government of India to consult the Bishop of Bombay as to the adequacy of the arrangements suggested in the preceding paragraphs and whether, if they were adopted, the Church of India would desire that Aden should remain a part of the diocese of Bombay.

With regard to the latter point, MR. COWELL said that if the Church of India did not desire Aden to remain within the diocese of Bombay, arrangements could probably be made for its inclusion within another diocese, e.g., Mauritius. As regards the former point, the CHAIRMAN pointed out that whatever the views of the Church of India may be, the final decision as to the assistance to be provided by Government would rest with His Majesty's Government, who would have the last word.

A subsidiary point which was raised at the meeting was that it might be necessary to make some provision in the Aden Order in Council regarding the application of the Indian Church Act, 1927, to Aden after the transfer to the Colonial Office. It was agreed that this question would have to be considered by the India Office in consultation with the Colonial Office.

SECTION 269(1) GOVERNMENT OF INDIA ACT, 1935.

There may, as heretofore, be an establishment of chaplains to minister in India to be appointed by the Secretary of State and the provisions of Chapter II of this Part of this Act shall, with any necessary modifications, apply in relation to that establishment and to persons appointed as chaplains by the Secretary of State or by the Secretary of State in Council, as they apply in relation to the civil services to which appointments are to be made by the Secretary of State and to persons appointed to a civil service under the Crown in India by the Secretary of State or by the Secretary of State in Council, and for the purposes of the provisions of Chapter II relating to persons who retired before the commencement of Part III of this Act the said establishment shall be deemed to be an all-India service.

78085/35 [No. 6]. No. 173.

MR. H. R. COWELL (COLONIAL OFFICE)

to

SIR BERNARD REILLY (RESIDENT).

[*Answered by No. 174*].

MY DEAR REILLY, Downing Street, 31st October, 1935.

I recently attended a conference at the India Office on the question of the control of Ecclesiastical affairs in Aden after separation from India.

The situation was explained on the lines indicated in the correspondence between yourself and the Government of India in 1934. Colonel Lake expressed the opinion that the ecclesiastical work both for the garrison and the civil population could easily be performed by one chaplain, particularly if the church at Crater were closed down, as it is no longer really required. There is only a small number of members of the Church of England in the civil population, and all that they would require would be facilities for attending the services provided for the Air Force personnel and very occasionally the attendance of a minister to perform marriages, christenings and burial services. This was all that the civilian population derived from the presence of the two chaplains of the Church of India at present.

I said that in my opinion the Colonial Office would accept the obligation to maintain such facilities for members of the Church of England amongst the civil population as at present existed, but that we should much prefer not to appoint chaplains ourselves but to contribute a fixed sum to the governing body of some church for the purpose. I explained that subventions to the Church are rare in the Colonies and that while in Mauritius we still appointed chaplains and paid their salaries, in Seychelles we had recently concluded an arrangement by which an annual grant was made to the Church and it was left to the governing body of the Church to provide the necessary clergymen.

The discussion that followed seemed to throw some doubt on the possibility of an arrangement by which the Church of India would continue to supply chaplains to Aden in return for an annual subvention, and as an alternative, it was suggested that the Air Force should appoint one of their own chaplains to Aden to minister to the Air Force personnel and that he should receive a grant from the civil Government in return for his ministrations to the civilian population. The Air Force representatives undertook to discuss this proposal with their Chaplain General and see whether it was practicable. If they see no difficulties, it was proposed then to approach the Church of India through the Government of India with the proposal that Aden should be separated from the Church of India from the date of the transfer to the Colonial Office. Under this arrangement there was some obscurity as to the diocese in which Aden would lie.

A second alternative was tentatively discussed, viz., that we should consider the possibility of putting Aden under the Bishop of Mauritius for ecclesiastical purposes, and either provide a chaplain by direct appointment as we do in Mauritius, or pay a lump sum to the Bishop, leaving him to appoint the chaplain as we do in Seychelles. It would presumably be necessary to discuss this alternative proposal with the Archbishop of Canterbury on whose nomination the ministers of the Church of England in Mauritius are appointed.

I shall be glad to learn if you wish to offer any observations on the matter.

Yours, &c.,

H. R. COWELL.

78085/35 [No. 8].

No. 174.

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT)

to

MR. H. R. COWELL (COLONIAL OFFICE).

(Received 17th December, 1935.)

[*Answered by No. 175*].

The Residency, Aden, 4th December, 1935.

MY DEAR COWELL,

Please refer to your letter dated 31st October, 1935*, about the question of the control of Ecclesiastical affairs in Aden after separation from India.

I have shown your letter to Air Commodore Portal, whom I asked for his comments, and I enclose a copy of his reply.

I agree with Portal that it would not be easy for one chaplain to perform all the ecclesiastical work for both the garrison and the civil population. In my opinion there is more than enough work for one chaplain, although (in normal times) rather little for two. In discussing this point with the Bishop of Bombay I have therefore always maintained that the establishment ought to be two chaplains, although I have at times agreed to one only carrying on temporarily when a second chaplain has not been available. This is also the view of the senior chaplain now in Aden. I accordingly recommend that an establishment of two chaplains be continued, and this will allow for temporary absence from duty of one of them on leave or in case of sickness.

I have in the past advocated the retention of Aden in the diocese of Bombay after its political separation from India, but when I was in England this year it was explained to me at the India Office that the Bishop of Bombay had pointed out that chaplains of the Indian Ecclesiastical Establishment could not be compelled to serve out of India,

* No. 173.

(C37162)

and that, owing to the unpopularity of Aden with the Bombay clergy, they could not be counted upon to agree to come here voluntarily. In these circumstances the separation of Aden from the Church of India appears to be unavoidable.

The alternative that commends itself both to Air Commodore Portal and to myself is that two Royal Air Force chaplains should be sent to Aden to minister to the garrison and to Church of England civilians. By far the greater part of their work will be for the garrison, and I consider that a fair division of the total cost of the ecclesiastical establishment would be that the Air Ministry should pay three-quarters and Civil sources one-quarter of it. I hope I am right in inferring from your letter that the Civil contribution would be paid by the Colonial Office, as there would be difficulty in justifying the debit of this expenditure to the revenue derived from taxation in Aden, where the population is mainly non-Christian, and where members of the Church of England are a very small minority.

With regard to the question of the diocese in which Aden would lie, would it be possible for the Royal Air Force clergy at Aden to be, through the Chaplain-in-Chief of the Royal Air Force, directly under the Archbishop of Canterbury, as naval chaplains are through the Chaplain of the Fleet? This arrangement would probably be acceptable to most of the laity here, and would do away with the present unpopular system under which a large proportion of Church offerings made in Aden are absorbed for the purposes of a distant diocese, of which the majority of the congregation have no direct knowledge, and in which they take little interest. Confirmations might be deferred, as proposed by Portal; or they might be performed by Bishops who pass through Aden on their way to or from India or elsewhere.

This solution, if it can be accepted, would in my opinion be preferable to attaching Aden to another distant diocese such as Mauritius.

Yours, &c.,

B. R. REILLY.

Enclosure in No. 174.

DEAR SIR BERNARD, 23rd November, 1935.

Thank you for your letter of 19th November, 1935, enclosing a copy of Cowell's letter on the subject of the control of Ecclesiastical affairs in Aden after separation from India. I cannot say that I agree with the opinion expressed by Colonel Lake that the ecclesiastical work both for the garrison and for the civil population could "easily" be performed by one chaplain. I consider that if and when the garrison has reverted to its normal strength, a good and energetic chaplain could just meet Service requirements, but I do not think his task would be an easy one. If civil requirements amount to nothing more than the right to attend services at Steamer Point and Khormaksar and to have the offices of the chaplain at marriages, christenings and burials, I agree that these would not make any appreciable difference to the amount of work.

2. I have not yet heard the result of the discussion between the Air Force representatives at the India Office Conference and the Chaplain-in-Chief of the Royal Air Force on the proposal to appoint a Royal Air Force chaplain to Aden, but if my view were asked on this proposal I should support it.

3. I have no views on the question which diocese Aden should be in, but I would observe that as Service personnel only stay two years in Aden, Confirmations could easily be deferred till their return home. I would also observe that the Bombay Diocesan Assessment of the two churches in Aden appears to absorb a large proportion of the offerings of the Service congregations, and that it is not easy to explain to soldiers and airmen why their offerings should not be spent either in the local parish or on charitable objects in which they have an interest.

Yours sincerely,

(Sd.) C. PORTAL.

78085/35 [No. 9]. No. 175.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT).

MY DEAR REILLY, Downing Street, 3rd January, 1936.

Thank you for your letter of the 4th December* about the control of Ecclesiastical affairs in Aden after separation from India. We are sending copies of our correspondence on this subject to the Air Ministry and India Office in order that they may know your views.

There is one point which calls for comment in your letter, viz., your recommendation that Aden's contribution to the salaries of the chaplains should be paid by the Colonial Office and not from Aden revenues. This seems to suggest that there may be some misunderstanding about the financial arrangements contemplated on the transfer of Aden since any payment of this nature must clearly fall on Aden revenues in the first instance. We are only considering the maintenance of a subsidy to the Church because we regard ourselves as bound to continue such social services as have hitherto been provided by the Government of India. Our obligation in this respect is shown generally in the official communique issued in 1933, and is that " His Majesty's Government would do their utmost to maintain the present standard of administration and would not impose any additional taxation unless such a course became in their opinion absolutely necessary ". As we interpret this, it will be incumbent on His Majesty's Government to maintain the government and social services on the existing standard out of the proceeds of the taxes now collected in Aden by the Government of India, and only if it became necessary, to supplement those revenues from United Kingdom funds, though assistance might perhaps be given to the extent, if any, to which the Government of India have in the past supplemented from their own general revenues the revenues collected in Aden. In addition His Majesty's Government will, of course, bear the charges now incurred for the military and political administration of Aden, including the amount now contributed by the Government of India.

Yours, &c.,

H. R. COWELL.

78085/35 [Nos. 10 and 11]. No. 176.

MR. H. R. COWELL (COLONIAL OFFICE)

to

1. MR. G. CALDER (AIR MINISTRY).

[*Answered by No. 178.*]

2. MR. R. T. PEEL (INDIA OFFICE).

[*Answered by No. 177.*]

DEAR [CALDER] [PEEL], Downing Street, 3rd January, 1936.

With reference to the meeting which took place at the India Office on the 24th November about Ecclesiastical affairs at Aden, I enclose a copy of correspondence† with Sir Bernard Reilly on this subject.

You will see that the Resident does not share Colonel Lake's view as to the adequacy of one chaplain.

Yours, &c.,

H. R. COWELL.

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* No. 174. † Nos. 173 and 174.

78085/36 [No. 1]. No. 177.

MR. R. T. PEEL (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by 78085/36 [No. 2]: not printed.*]

DEAR COWELL, Whitehall, S.W.1, 11th January, 1936.

I propose if you have no objection, to send demi-officially to the Government of India, a copy of the correspondence forwarded with your letter of the 3rd instant* regarding Ecclesiastical affairs at Aden.

But I should like to clear up one point about which there seems to have been some misunderstanding. We are not making any proposal to the Church of India that Aden should cease to be a part of the diocese of Bombay. Under the Canons and Rules of the Church of India, Burma and Ceylon, which is a self-governing body, any question of making alterations in either the number or extent of the dioceses of that Church is a matter for determination by the General Council of the Church. We have, therefore, not gone further than to suggest that the Church of India may desire to reconsider the question, in view especially of our conclusion that it is not practicable to continue to post chaplains of the Indian Ecclesiastical Establishment at Aden after the transfer.

It is possible that Sir Bernard Reilly's suggestion that the Service chaplain or chaplains at Aden should be directly under the Archbishop of Canterbury will prove to be the best solution, but the separation of Aden from the Church of India cannot yet be regarded as unavoidable.

The question whether there shall be one or two chaplains at Aden after its separation from India is of course a matter for decision by His Majesty's Government in the United Kingdom, but the suggestion that there should be two Air Force chaplains, the cost to be borne in the proportion of ¾ by the Air Ministry and ¼ by Civil sources, seems to us a satisfactory solution of the question.

Yours, &c.,

R. T. PEEL.

78085/36 [No. 4]. No. 178.

MR. G. CALDER (AIR MINISTRY)

to

MR. H. R. COWELL (COLONIAL OFFICE).

Adastral House, Kingsway, W.C.2,

DEAR COWELL, 22nd February, 1936.

Many thanks for your letter of the 3rd ultimo*, enclosing a copy of correspondence with Sir Bernard Reilly on the establishment of chaplains at Aden.

2. So far as the Air Ministry is concerned the position is that only one Royal Air Force chaplain would be required at Aden for the Garrison. We should be quite willing to arrange, if it is so desired, for this chaplain to minister to the civil population to the extent contemplated at the Conference on the 24th October†.

3. We could not, however, agree to any part of the cost of a second chaplain for the civil population falling on Air Votes.

Yours, &c.,

G. CALDER.

P.S.—I am sending a copy of this letter to Brown.

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* No. 176. † No. 172.

78085/36 [No. 6].

No. 179.

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT)

to

MR. H. R. COWELL (COLONIAL OFFICE).

(Received 9th June, 1936.)

The Residency, Aden, 23rd May, 1936.

MY DEAR COWELL,

I have recently had some further correspondence with the Bishop of Bombay on the subject of future ecclesiastical arrangements in Aden, and I have asked the two chaplains now serving in Aden to give me their views on the amount of work that they have to do and on its distribution between them. I enclose copies of the letters that I have received from the Bishop and from the chaplains and of a letter referring to the latter from the Air Officer Commanding at Aden.

Different views have been expressed, and I shall not comment upon them in this letter, but I think that they may be useful as a help in the discussion and (I hope) decision of this question in London this summer.

Yours, &c.,

B. R. REILLY.

Enclosure 1 in No. 179.

DEMI-OFFICIAL LETTER DATED THE 27TH MARCH, 1936, FROM THE BISHOP OF BOMBAY TO THE CHIEF COMMISSIONER, ADEN.

Thank you very much for the copies of correspondence about the future Ecclesiastical arrangements at Aden sent to me with your covering letter of 13th March. I have also had a letter from Mr. Walkey. But in the meanwhile what seems to me to be a very simple way of overcoming the difficulty of sending Indian Establishment chaplains has occurred to me, and until this method has been considered I am unwilling to consider any other proposal.

I find that all our Establishment recruits have now to sign a statement saying that if appointed they will make the declarations required by our Canons. This is the necessary consequence of the Indian Church Act and ensures that chaplains appointed to the Establishment will abide by the Indian Church Constitution. What has occurred to me is that it would be extremely simple to add to this statement a further undertaking that if appointed to the Diocese of Bombay they would recognize the obligation to serve when called upon at Aden.

I have therefore asked the Metropolitan to urge the Government of India to get speedily into touch with the India Office, putting this proposal before them.

I have also looked up B. T. Peel in the India Office List, and I find that he is one of the Bedford Peels and I have therefore written privately to him, possibly a very improper proceeding, asking him to try to see that nothing is settled until this proposal has reached India Office, and suggesting that he should look into it himself at once. I have taken this step because there appears to me to be a danger that the dilatoriness of the Government of India might end in the Colonial Office, the India Office and the Air Ministry fixing up something on the presumption that our chaplains could not continue to serve Aden when all the time there is a simple means by which the only difficulty I know of could be overcome.

Enclosure 2 in No. 179.

DEMI-OFFICIAL LETTER DATED THE 14TH APRIL, 1936, FROM THE CHIEF COMMISSIONER, ADEN, TO THE BISHOP OF BOMBAY.

Thank you for your letter of 27th March which I have shown to Air Vice-Marshal Gossage. If the difficulty about sending chaplains to Aden from Bombay can be overcome in the way that you propose, both he and I would welcome the retention of Aden in the diocese of Bombay as at present. As I said to you when you were in Aden last, my only reason for altering my original views on this subject was that I understood that after the transfer it would not be possible to send chaplains of the Indian Ecclesiastical Establishment to Aden except on a voluntary basis.

There is another point at issue. At present it is usual to have two chaplains at Aden, one of whom is paid for wholly by the Government of India and the other in the proportion of one-quarter by the Government of India and three-quarters by the Air Ministry. As at least three-fourths of the members of the Church of England in Aden belong to the Army and the Royal Air Force I consider that the Air Ministry ought to pay three-quarters of the cost of both chaplains, and I do not think that the new Aden Administration, after the transfer, will feel justified in continuing the present financial arrangements. On the other hand, the present view of the Air Ministry is that one chaplain is sufficient for Service purposes, and they are therefore unwilling to make any contribution towards the pay of a second chaplain. I hope that, if it is eventually decided to increase the permanent garrison of Aden, the Air Ministry may be willing to reconsider this question. If not, the result may be that the number of chaplains here will have to be reduced from two to one, which, in my opinion, would be undesirable.

Enclosure 3 in No. 179.

DEMI-OFFICIAL LETTER DATED 24TH APRIL, 1936, FROM THE BISHOP OF BOMBAY TO THE CHIEF COMMISSIONER, ADEN.

Thank you for your letter of 14th April. The unwillingness of the Air Ministry either to supply two Air Force chaplains or to pay for more than one is one of the things that adds to my extreme unwillingness to let Aden be served by Air Force chaplains. They seem to regard the second chaplain as being needed only because of the presence of civilians whether Government servants or others. They need to be persuaded that it is not the presence of such civilians that makes a second chaplain necessary but the actual situation of the troops and the geography of Aden. If everybody was concentrated at Steamer Point one chaplain would be sufficient, and the loneliness, or the impossibility of supplying ministrations if the one chaplain fell ill, would not justify a second chaplain being always on the spot. But situated as the troops are they cannot be properly served by one chaplain. Few though they are the duplication of services that is necessary and the rushing to and fro from one place to another does make it necessary that there should be two chaplains.

Granting that two chaplains are necessary and that a large part of the duties of one of them would be the care of civilians Government and non-Government, I think that the Air Ministry would be justified in saying that they cannot pay for both. But they ought to pay something towards the second man, either a half, as you suggest, or at least a quarter. The balance, namely half the second man or three-quarters of him, should be paid by the Colonial Office and the Aden Administration.

What does seem to me to be clear is that if Aden is to have two chaplains, as it undoubtedly ought to have, except for short periods, some portion of the second one's cost will have to be borne by the Colonial Office and the local funds.

I am very much hoping now that the chaplains will be Indian Establishment ones and what we need to concentrate on is, it seems to me, the persuading of the Air Ministry that they must pay for something more than the cost of one only.

Whatever happens I hope you will rule out rigidly any suggestion of having two different kinds of chaplains, e.g., one Air Force man and one Indian Establishment man, or one Air Force man and one specially recruited man. For satisfactory working I am quite sure that both men should belong to the same service.

Enclosure 4 in No. 179.

DEAR SIR BERNARD, Tarshyne, Aden, 16th May, 1936.

In accordance with your request I am writing to you my views on the future Ecclesiastical provision for Aden.

(1) The first point is the number of chaplains.—From August to November, 1935, I was Chaplain of Crater and from November onwards I have been Chaplain of Steamer Point, so that I know the conditions of both chaplaincies.

Geographical considerations are important apart from population, if the realities of the situation are to be understood. The Squadrons which are at present in the charge of the Chaplain of Crater are four in number and are widely separated from each other; the nearest of the squadrons is four miles from the house of the Chaplain of Steamer Point, the furthest of them is thirteen miles from his house. It is not feasible that the Chaplain of Steamer Point should minister to the Squadrons as well as to the Garrison at Steamer Point. The Squadrons need a chaplain to themselves.

So my first conclusion is that the Squadrons should have a chaplain to themselves based on Khormaksar Camp (No. 8b Squadron) and that the support of this chaplain should be the first responsibility of the Royal Air Force. His work is almost exclusively amongst the Royal Air Force; the Civil population in his area at Crater is very small indeed and there are no soldiers but the Officers of an Indian Regiment. Ninety per cent of his people are airmen.

There remains Steamer Point, of which I am now in charge.

This is a more concentrated area and does not present the same geographical difficulties. But it is generally regarded as the more important charge because it contains the Headquarters and the Staffs of the Royal Air Force and the Army, and a large number of soldiers. There is also an Officers' Mess of about forty strong, a Soldiers' and Airmen's Institute and (a very important addition from the chaplain's point of view) a large Royal Air Force Hospital in which throughout this winter there have been continuously over sixty patients. There are daily services in the Church and three on Sundays and it is a strong centre of religious life. If the chaplain had to run about to the Squadrons as well as to look after Steamer Point his time and energy would be dissipated and the work in both areas would suffer.

It is at Steamer Point that the civil population lives. It is not a very large one and a part of it belongs to the Scottish Church. Its numbers are between seventy and eighty. It is the chaplain's duty to visit the civilians and it would be disastrous if any distinction were made by him between the various sections of his people. I have found nevertheless that most of my time is spent in caring for the members of the Defence Forces, as the claims of the Royal Air Force Hospital and of such a society as Toc H which is preponderantly military make a bigger and more constant demand than the civilians make. It is true that there is a Civil Hospital also but it rarely has more than four patients in it. Many chaplains would make the Services Institute the centre of their work.

So my second conclusion is that Steamer Point needs a chaplain to itself; and

The third conclusion is that three-quarters of his time is given to the Defence Forces.

It follows from this that I have no hesitation in holding that two chaplains are necessary for the Services alone. A fair division of the costs of maintenance should be—

For the Royal Air Force the whole stipend of the Squadrons or Crater Chaplain and three-quarters of the stipend of the Steamer Point Chaplain.

For the Civil Government one-quarter of the Steamer Point Chaplain.

This means that of the cost of both chaplains combined the Royal Air Force should bear seven-eighths and the Civil Government one-eighth.

Your suggestion that the Civil Government might bear one-quarter of the whole seems to me to err on the side of generosity, if the calculation is based on the relative amount of time spent on military and civil people.

(2) As to the personnel of the chaplains and (3) the authority to whom they should be responsible.—I have given much thought to this question through the last few months and have come at last to the conclusion that it ought to be decided with the good of Aden chiefly in view rather than with the convenience of the diocese of Bombay or of the personal wishes of the Bombay Chaplains. The interests of Aden are the interests of the Defence Forces, who are clearly predominant. It would therefore be logical to have Royal Air Force chaplains. They are familiar with the Royal Air Force and its conditions and would be likely to know already on arrival a number of officers and men. They have the advantage of belonging to the same service as most of their people and would be regarded as an integral part of the service community. They would be paid by the Royal Air Force and would do a fixed term of service here, two years, and so there would be fewer gaps and changes than there are now. There is, however, one condition on which this decision becomes acceptable and it is that the civil population, small as it is, should have a right to all the ministrations of the chaplain, including the right to regard him as their pastor, and that he should recognize the obligation to visit them.

(3) The third question is to what authority should they be responsible?—Several suggestions have been made. One is, to the Archbishop of Canterbury; 2, to the Bishop of Bombay; 3, to the Bishop of Mauritius; and 4, to the Bishop in Egypt acting through the Bishop in the Sudan.

The decision on this point does not lie in our hands. We can only make recommendations to the Governing Body of the Church of India, Burma and Ceylon. This Church is an autonomous Church and Aden is a part of it. Nothing that the State has done or will do can remove Aden from the Ecclesiastical Province of India. The

separation will have to be effected by the General Council of the Province which meets in January, 1938. Until then the chaplains must be subject to the Bishop of Bombay. If the Council decides to separate Aden, as the Government of India, through the Secretary of State, has done politically, it is my opinion that the best plan would be for the chaplains to come under the jurisdiction of the Bishop in Egypt acting through the Bishop in the Sudan. Visits by air from Port Sudan would probably be easy to arrange and the Bishop would soon establish touch with the chaplains.

With Bombay, Aden will have less and less connexion in the future, and to link Aden in perpetuity with Bombay ecclesiastically would seem to later generations a strange anomaly. The only reason for the suggestion of Mauritius seems to be that if the chaplains at Aden were to be Colonial chaplains they could best be taken from that diocese as it is the only one left where Colonial chaplains still exist. If Royal Air Force chaplains are appointed the argument would fall to the ground.

To make the chaplains responsible to Canterbury would not, I think, be wise. His control would have to be delegated and there would be no diocesan Bishop who would feel any responsibility for Aden. Moreover, the step would be diametrically opposed to the general tendency to decentralize which Canterbury is now pursuing all over the world.

Finally, I think it is important that both the chaplains should be appointed by the same authority and should be responsible to the same Bishop.

Believe me, Dear Sir Bernard, to be,

Yours, &c.,

KENNETH MCPHERSON.

P.S.—Will you be circulating this letter or shall I send a copy to the Bishop of Bombay?

Enclosure 5 in No. 179.

LETTER NO. 39B, DATED THE 18TH MAY, 1936, FROM THE REV. J. BARNES, CHAPLAIN OF CRATER, ADEN, TO THE CHIEF COMMISSIONER, ADEN.

With reference to the position of the Church of England in Aden in the future may I be permitted to make the following observations.

It has been suggested that one chaplain can do the work and that only one chaplain need be posted. It would be difficult if not impossible for one chaplain to cope with the work at present. There are now four Royal Air Force Squadrons in Aden in four different camps and in consequence a great deal of travelling and duplication of services are necessary. The Chaplain of Crater is responsible for services in the four camps and also at St. Mary's Church, Crater. I do not think that the Chaplain of Steamer Point could do the work of the Chaplain of Crater in addition to his own duties. I am of the opinion that one Royal Air Force chaplain posted to Khormaksar would be able to serve the Squadrons and Crater, but another chaplain would be required for Steamer Point.

Enclosure 6 in No. 179.

DEMI-OFFICIAL LETTER NO. ADEN/1224/1/P.3, DATED 20TH MAY, 1936, FROM AIR VICE-MARSHAL E. L. GOSSAGE, TO THE CHIEF COMMISSIONER, ADEN.

I wish to acknowledge with thanks your letter of 18th May under cover of which you sent me a letter from McPherson, setting out his recommendations in regard to the ecclesiastical future of Aden, based upon his practical experience of the work here.

Like yourself, I consider that McPherson's letter is a most useful contribution to the consideration of the problem, and states the case very fairly indeed.

I am therefore willing to endorse what he says entirely, but in spite of the arguments produced I doubt whether the Air Ministry will recede from the attitude which they have already taken up in regard to the cost of maintenance of the chaplains. This, however, as I have said before, can only be decided after full discussion in London.

78085/36 [No. 10].

No. 180.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 181.*]

SIR, India Office, S.W.1, 6th August, 1936.

With reference to the informal discussion which took place at this Office on the 24th October last, on the subject of the provision to be made for ecclesiastical affairs at Aden after its separation from India, I am directed by the Secretary of State for India to state, for the information of the Secretary of State for the Colonies, that with the concurrence of the Government of India he has now decided that it is desirable that the liability of the Government of India for ecclesiastical affairs at Aden should cease with its separation from India and that the two Government of India chaplains at present serving there should be withdrawn on the date of the separation, or as soon thereafter as it may be practicable to arrange for their relief by other chaplains. On the question of the extent of the Government of India's obligations to provide religious ministration at Aden, the Government of India state that their present responsibilities are confined to Civil and Military officers and their families.

2. The Secretary of State also agrees that it will be impracticable to retain in the service of the Government of India the subordinate ecclesiastical establishment now employed at Aden, particulars of which were given in the papers forwarded with this Office letter, dated 15th July, 1935*.

3. The question whether Aden should remain part of the Diocese of Bombay after separation is a matter which falls to be decided by the authorities of the Church of India, Burma and Ceylon, and the Government of India is not directly concerned in it. But the Secretary of State understands from conversations with the Bishop of Bombay that it is probable, in view of the decision that Chaplains for Aden can no longer be provided from Bombay after separation, that the Church authorities will not desire to retain Aden in the Diocese of Bombay.

4. I am to state that if the Secretary of State for the Colonies accepts the conclusions set out in the preceding paragraphs the Government of India will be informed that their responsibilities for religious affairs at Aden will terminate with its separation from India, subject to any temporary arrangements that may be necessary should it not be possible to arrange for the immediate withdrawal of the Government of India chaplains.

5. A similar letter has been sent to the Secretary of State for Air.

I am, &c.,

R. T. PEEL.

78085/36 [No. 13].

No. 181.

COLONIAL OFFICE

to

AIR MINISTRY.

SIR, Downing Street, S.W.1, 26th August, 1936.

With reference to the semi-official correspondence ending with Mr. Calder's letter of the 22nd of February† regarding the ecclesiastical arrangements at Aden, and to the letter from the India Office of the 6th August‡, I am directed by Mr. Secretary Ormsby Gore to inquire whether the Air Ministry would be prepared to maintain two Air Force chaplains in the Colony of Aden on the understanding that half the cost is met from the funds of the Colony. If the Air Ministry have no objection to such an arrangement, Mr. Ormsby Gore would be glad to be furnished with an estimate of the cost involved.

2. As regards the question whether Aden should remain part of the diocese of Bombay after separation, I am to suggest that, if suitable arrangements can be made for the appointment of Air Force chaplains, the question of diocese might be discussed at a meeting at this Office which the Bishop of Bombay, who is at present in this country, should be asked to attend.

I am, &c.,

H. R. COWELL.

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* No. 171. † No. 178. ‡ No. 180.

78085/36 [No. 31]. No. 182.

RECORD OF A MEETING HELD AT THE COLONIAL OFFICE ON THE 22ND SEPTEMBER, 1936, TO CONSIDER THE FUTURE OF ECCLESIASTICAL AFFAIRS AT ADEN.

Present:—

SIR COSMO PARKINSON, K.C.M.G., O.B.E. (*in the Chair*).
THE RIGHT REVEREND THE BISHOP OF BOMBAY.
THE RIGHT REVEREND THE BISHOP IN EGYPT AND THE SUDAN.
THE REVEREND J. R. WALKEY (Chaplain-in-Chief of the Royal Air Force).
LIEUTENANT-COLONEL SIR BERNARD REILLY, K.C.M.G., C.I.E., O.B.E. (Resident and Chief Commissioner at Aden).
MR. G. E. SHEPHERD, O.B.E., India Office.
MR. W. G. CLEMENTS, M.C., MR. W. G. STEVENS, } Air Ministry.
MR. K. W. BLAXTER, MR. A. R. THOMAS, } Colonial Office.

The meeting first discussed the question of a future diocese for Aden. The BISHOP OF BOMBAY said that, while not at all anxious to lose Aden, both he and the Metropolitan recognized that the diocese of Egypt and the Sudan would be more suitable for it, and he would therefore be prepared to hand it over if the Bishop of that diocese would agree to take it. The BISHOP IN EGYPT AND THE SUDAN said that the Archbishop of Canterbury had requested him to undertake the spiritual care of Aden and that he would be glad to do so. SIR COSMO PARKINSON suggested, and it was generally agreed, that an official letter should be sent from the Secretary of State to the Archbishop of Canterbury seeking formal approval of the transfer of Aden to the diocese of the Bishop in Egypt and the Sudan. The BISHOP OF BOMBAY then pointed out that Aden could only be separated from the diocese of Bombay by a resolution of the General Council of the Church of India which would probably not meet until January, 1938, and that meanwhile some temporary arrangement would have to be made. He did not, however, anticipate that the Council would raise any objection. SIR BERNARD REILLY enquired whether the decision of the Government of India to withdraw from Aden the chaplains of the Indian Ecclesiastical Establishment was independent of any decision which might be reached by the Church Council, because if so, the chaplains might be withdrawn from Aden before its transfer to another diocese. MR. SHEPHERD did not think that any objection would be made to the chaplains remaining at Aden for a few months to ease any difficulty of that sort. SIR COSMO PARKINSON then proposed, on the assumption that the change of diocese would take place not later than January, 1938, that the India Office should be asked to make arrangements to retain chaplains of the Indian establishment at Aden temporarily. The BISHOP OF BOMBAY referred in this connexion to an Order in Council which it was proposed to make under the Government of India Act adapting the Indian Church Act to the new conditions. MR. SHEPHERD replied that the draft of the Order in Council was being prepared by the Government of India and had not yet been received in the India Office, but he did not anticipate any difficulty in this direction.

The question of how many chaplains were required and who was to pay for them was next considered. The BISHOP IN EGYPT said that he understood that two chaplains were needed in Aden; and Egypt being a very poor diocese, he enquired whether the Air Ministry would supply them. MR. CLEMENTS replied that the Air Ministry view previously had been that one chaplain would suffice for the needs of the Royal Air Force. SIR BERNARD REILLY said that a different view was taken locally and that he and Air Vice Marshal Gossage were in agreement with the Bishop of Bombay that there was too much work for one chaplain though rather little for two. The ideal solution of having one-and-a-half chaplains being impossible, it would be much preferable, in view of the contingencies of illness, leave, etc., to have two than one. MR. CLEMENTS said that it seemed now recognized that the conjoint needs of the Aden population were for two chaplains—one for the Services and another for civilians, but SIR BERNARD REILLY demurred at this suggestion that civilian needs were as great as the needs of the Royal Air Force. The civilian needs were very small, and the main need for chaplains at Aden was for the Services. The BISHOP OF BOMBAY maintained, and MR. WALKEY agreed, that if only one chaplain were available the work would be unduly onerous, and SIR BERNARD REILLY then recurred to his original suggestion that two chaplains should be provided by the Air Ministry, the cost to be divided between the Air Ministry and Aden funds in the proportion of $1\frac{1}{2} : \frac{1}{2}$. The BISHOP OF BOMBAY

pointed out the importance of both chaplains being appointed from the same establishment whatever the division of cost. MR. CLEMENTS said that the provision of two Royal Air Force chaplains for Aden would be disproportionate to the provision elsewhere; the establishment was limited. SIR BERNARD REILLY expressed doubt as to whether the geographical position of the Air Force Stations in Aden had been sufficiently taken into account. MR. STEVENS said that it would in any event be necessary to obtain Treasury approval of Sir Bernard Reilly's scheme. The BISHOP OF BOMBAY suggested that, if the Royal Air Force cadre was to be increased by one, it might just as well be increased by two. To this MR. WALKEY replied that the difficulty was one of finance and not of finding the men. He thought that the rule governing the provision of chaplains in proportion to the size of population must be an elastic one; and MR. STEVENS thought that in the light of the further points brought out during the discussion, the Air Ministry might agree to provide two chaplains subject to repayment of one-quarter of the total cost of the two, or preferably a fixed annual contribution of approximately the same amount. The cost of providing a chaplain was, he thought, roughly £900–£1,000 per annum, taking into account all charges such as passages. (Note.—The average cost of a chaplain has since been more carefully estimated, and is approximately £1,200 a year.)

It was finally agreed, subject to the concurrence of higher authority at the Air Ministry, that the Colonial Office should put up to the Treasury a scheme for the appointment of two chaplains, from the establishment of the Air Ministry, the Colony of Aden to pay half the cost of one. The draft letter* to the Treasury would first be sent to the Air Ministry for their consideration.

With regard to the future upkeep of cemeteries and churches, MR. STEVENS stated that he thought that the Air Ministry would be able to continue to pay as at present an annual contribution of Rs.450 in respect of the maintenance of churches and Rs.450 for the maintenance of cemeteries. MR. BLAXTER suggested, and SIR BERNARD REILLY agreed, that the Air Ministry should not be asked to increase this contribution, if they were prepared to provide three-quarters of the aggregate cost of the chaplains.

78085/36 [No. 26].

No. 183.

COLONIAL OFFICE

to

AIR MINISTRY.

[*Answered by No. 188.*]

Downing Street, S.W.1, 3rd October, 1936.

SIR,

I am directed by Mr. Secretary Ormsby Gore to refer to previous correspondence relating to the future of ecclesiastical affairs at Aden and to the meeting held at this Office on the 22nd of September at which representatives of the Air Ministry were present.

2. I am now to enclose, in accordance with the arrangement reached at that meeting, a draft letter* to the Treasury for the consideration of the Air Council. I am to enquire whether the Air Council agree to a letter in these terms being addressed to the Treasury.

3. A copy of this letter and its enclosure is being sent to the India Office.

I am, &c.,

K. W. BLAXTER.

78085/36 [No. 29].

No. 184.

MR. R. T. PEEL (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

India Office, S.W.1, 8th October, 1936.

DEAR BLAXTER,

With reference to your letter to Shepherd of the 3rd October†, I have only one amendment to suggest in the draft record‡ of the Meeting held to consider the question of chaplains at Aden. I would suggest that on page 2, fifth line from the bottom, it

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* No. 191. † 78085/36 [No. 25]: not printed. ‡ No. 182.

would be more accurate to say " adapting the Indian Church Act to the new conditions " instead of " in respect of certain Ecclesiastical arrangements ".

As regards the question of supplying chaplains for Aden during the period from the 1st April, 1937, up to the date on which the General Council of the Church of India formally agree to the separation of Aden from the Diocese of Bombay, we will certainly take up the question with the Government of India when you ask us to do so, and I do not doubt that they will be prepared to go on lending chaplains on foreign service terms for the period required. It is possible, in fact, that the Bishop of Bombay will prefer this arrangement so long as Aden remains part of his diocese; although, from a constitutional point of view, there will be nothing as far as I can see to prevent the Colonial Office from making their own arrangements for the supply of chaplains as soon as the legal separation comes into force on the 1st April, 1937.

You may like to know that Shepherd has now retired and any further correspondence on this subject had better be addressed either to myself or to Homan, who is taking his place in this Department.

Yours, &c.,

R. T. PEEL.

78085/36 [No. 34]. No. 185.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. W. G. STEVENS (AIR MINISTRY).

[*Answered by 78085/36 [Nos. 35, 37]: not printed.*]

DEAR STEVENS, Downing Street, S.W.1, 2nd November, 1936.

Will you please refer to our official letter of the 3rd October* enclosing for consideration a draft letter to the Treasury about future ecclesiastical arrangements at Aden?

We have not yet had your reply, but on the assumption that you are in agreement with the main proposals contained in our draft letter to the Treasury, I am now writing semi-officially to you as to what arrangements could most suitably be made for supplying Chaplains to Aden during the period from the 1st April, 1937, up to the date on which the General Council of the Church of India formally agree to the separation of Aden from the diocese of Bombay.

There seems to be a choice of two alternatives. Either the present Chaplains could be replaced on the 1st April next by Chaplains appointed from the establishment of the Air Ministry; or, alternatively, the present Chaplains from the Indian establishment could continue to serve at Aden for a further period after the 1st April. If we preferred the latter arrangement, it seems probable that the Government of India would be quite agreeable to go on lending Chaplains on foreign service terms for the period required.

No doubt you are in possession of figures which would indicate the relative cost of the two schemes, and we should be glad to have your views on the matter. Other things being equal, we ourselves are in favour (subject to the concurrence of the Government of India) of adopting whichever is the cheaper of the two alternatives.

Yours, &c.,

H. R. COWELL.

78085/36 [No. 36]. No. 186.

SIR COSMO PARKINSON (COLONIAL OFFICE)

to

THE REVEREND A. C. DON (LAMBETH PALACE).

[*Answered by No. 187.*]

MY DEAR DON, Downing Street, S.W.1, 8th December, 1936.

I think I mentioned to you that towards the end of September we had a meeting here with the Bishop of Bombay, the Bishop in Egypt and the Sudan and Sir Bernard Reilly, Resident and Chief Commissioner at Aden, in order to discuss the

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* No. 183.

arrangements to be made for the spiritual care of Aden when the Settlement ceases to be a part of British India (under the Government of India Act, 1935) and becomes a Colony, for the administration of which the Secretary of State for the Colonies will be responsible. The date for the change is fixed at present for the 1st April, 1937.

At that meeting, the Bishop of Bombay, in whose diocese the Settlement of Aden now is, said that, while in no way anxious to lose Aden, both he and the Metropolitan recognized that it would be more suitable for Aden to be included in the diocese of Egypt and the Sudan, and that he would be prepared to hand it over if that arrangement were acceptable to the Bishop of that diocese. The Bishop in Egypt and the Sudan said that the Archbishop of Canterbury had requested him to undertake the spiritual care of Aden and that he would be glad to do this.

I think we ought to have formal confirmation that the change proposed is in accordance with the wishes of the Archbishop of Canterbury, and that, I think, presents no difficulty, as it is only a matter of your recording in writing what we understand to be the fact.

But the question of procedure to remove Aden from the diocese of Bombay and then to transfer it to the diocese of Egypt and the Sudan may not be quite so simple. One point (which was made by the Bishop of Bombay) is clear, viz., a resolution of the General Council of the Church of India will be needed for the separation of Aden from the Diocese of Bombay. The Bishop did not expect that any objection would be raised by the Council, and we may assume that in due course the necessary resolution will be passed. Incidentally, the Council is not likely to meet before January, 1938, so that there will be an interim period during which Aden will be a Colony, but for ecclesiastical purposes will still be in the diocese of Bombay. That, however, should not give rise to any difficulty, and we are at present in consultation with the Air Ministry on the question of providing chaplains during that period, that is to say, we may arrange for the Royal Air Force to supply chaplains or it may prove more convenient to keep on for the time being chaplains appointed from the Indian Ecclesiastical Establishment. Anyway, you need not be troubled with that. But where you do come in is as to the procedure for effecting the transfer when the General Council of the Church of India have passed the necessary resolution—i.e., removal of Aden from the diocese of Bombay and its incorporation in the diocese of Egypt and the Sudan, and I am writing to you to suggest that you may like to be considering with your expert advisers what legislative or other action will be required.

Yours, &c.,

A. C. C. PARKINSON.

78085/36 [No. 38]. No. 187.

THE REVEREND ALAN C. DON (LAMBETH PALACE)

to

SIR COSMO PARKINSON (COLONIAL OFFICE).

MY DEAR PARKINSON, Lambeth Palace, S.E.1, 17th December, 1936.

I have to thank you for your letter of 8th December* with regard to the transference of Aden from the jurisdiction of the Bishop of Bombay to that of the Bishop in Egypt and the Sudan.

It is the case that the Archbishop of Canterbury on the last occasion on which he saw Bishop Gwynne definitely requested him to undertake the spiritual care of the Anglican congregations in Aden and that Bishop Gwynne expressed his readiness to do so. You may therefore assume that the transference is in accordance with the wishes of the Archbishop.

As to the legal questions involved, I have been instructed to forward your letter to His Grace's Legal Secretary with a request that he should look into the matter and report in due course.

Yours, &c.,

ALAN C. DON.

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* No. 186.

78085/37 [No. 1].

No. 188.

AIR MINISTRY

to

COLONIAL OFFICE.

Air Ministry, W.C.2, 19th January, 1937.

SIR,

I am commanded by the Air Council to refer to Colonial Office letter of the 3rd October, 1936*, forwarding a draft of the proposed letter to the Treasury relating to ecclesiastical affairs in Aden after its separation from India, and to acquaint you, for the information of the Secretary of State for the Colonies, that they have reached the conclusion that the services of two chaplains will be required in Aden to minister to the needs of both the Service personnel and the civilian population.

2. The Council are willing to appoint two Royal Air Force chaplains for duty in Aden but they regret that they will not be available for posting before October next. In the circumstances the Council assume that arrangements will be made to retain the services of the present chaplains from the Indian Establishment until the arrival of the Royal Air Force chaplains.

3. The Council suggest that the letter to the Treasury should, subject to the concurrence of the Secretary of State, be amended as indicated below:—

Paragraph 4.

(2) Two chaplains to be appointed by the Air Ministry from their own establishment; three quarters of the total cost of both chaplains being borne by the Air Ministry and the remaining quarter by the funds of the Colony of Aden.

Paragraph 5.

With reference to (2) above, I am to state that for obvious reasons it is most desirable that both chaplains should be on the same establishment, and, in view of the fact that the Army and Royal Air Force personnel together are more than three times more numerous than the Church of England members of the civilian population, it is preferable that they should be on the Royal Air Force establishment. I am further to explain that careful consideration has been given to the question whether one chaplain would suffice to meet all needs. It has been found that geographical factors alone make this impossible. The garrison and civilian population at Steamer Point are too far distant from the Royal Air Force Station at Khormaksar for a single chaplain to minister in both areas, and the personnel are widely separated. It would consequently be very difficult for one chaplain to perform the work required. Apart from this, the contingencies of illness, leave, etc., must be taken into account.

Paragraph 6.

Similar considerations have suggested that it would be equitable for the Air Ministry to bear part of the cost of the second chaplain whose presence is required partly for Service needs, the civilian population being quite small. Seeing that the duties of one chaplain are entirely with the Royal Air Force and those of the other partly so, and that both chaplains will be on the Royal Air Force establishment, it appears desirable that their total cost should be shared in approximate proportion to the respective populations receiving spiritual ministration. It is estimated that the total cost will be £2,400 (including a contribution for non-effective services) and towards this it is proposed that the Colony should contribute a fixed payment of £600 a year. It is felt that local opinion in Aden would justly resent the imposition on the funds of the new Colony of a charge greater than the size of the civilian population would justify.

Paragraph 8.

I am to state that the Secretary of State's proposals have the concurrence of the Air Council, who point out, however, that while one chaplain for Aden will be provided from the establishment approved by Their Lordships in Treasury letter No. E. 20304/2 of 22nd May, 1936, addressed to the Air Ministry, the provision of two chaplains for Aden will necessitate an increase of one in the total establishment previously authorized. I am to request that these proposals may be laid before the Lords Commissioners of the Treasury and that Their Lordships may be moved to give their consent to the new arrangements.

4. A copy of this letter is being sent to the India Office.

I am, &c.,

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* No. 183.

78085/37 [No. 2].

No. 189.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 4 p.m., 22nd January, 1937.)

TELEGRAM.

[*Answered by No. 190.*]

No. 11. 22nd January. With reference to meeting at Colonial Office on the 22nd September, 1936, to consider the future of ecclesiastical affairs in Aden I should be glad to learn what the position is regarding proposal that the Air Ministry should assume liability for three-quarters of the cost of two chaplains. The Government of India is prepared to continue the posting of chaplains to Aden after the 1st April pending a final decision regarding ecclesiastical arrangements provided that Aden assumes liability for their salaries and pays the usual pension leave and passage contribution. Aden cannot assume this liability but if there is likely to be undue delay in obtaining Air Ministry decision suggest that present chaplains be retained temporarily after separating and I be given authority to charge three-quarters of ecclesiastical expenditure after the 1st April to a suspense account for subsequent adjustment against the Air Ministry or in any other manner as may be decided. One quarter of the expenditure will be provided in the Aden Colony budget.

78085/37 [No. 3].

No. 190.

THE SECRETARY OF STATE

to

THE RESIDENT.

(Sent 4 p.m., 27th January, 1937.)

TELEGRAM.

No. 17. Your telegram No. 11*. Subject to approval of Treasury which is being sought Air Ministry agree to provide two Air Force chaplains and to meet approximately three-quarters of the cost. Air Force chaplains will not be available until October, and meanwhile arrangements should be made for retention of services of Indian chaplains on the assumption that three-quarters of the cost will be borne by Air Ministry.

78085/37 [No. 4].

No. 191.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 192.*]

Downing Street, S.W.1, 29th January, 1937.

SIR,

I am directed by Mr. Secretary Ormsby Gore to request you to inform the Lords Commissioners of the Treasury that he has had under consideration the arrangements which are to be made in connexion with ecclesiastical affairs at Aden after the Aden Settlement has been separated from British India.

2. At present Aden forms part of the diocese of Bombay and the two chaplains stationed in the Settlement are appointed from the Indian Ecclesiastical Establishment. The chaplains are paid by the Government of India, the Air Ministry contributing annually three-quarters of the cost of one of the two chaplains. There is also a subordinate staff paid by the Government of India towards which the Air Ministry makes

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* No. 189.

an annual contribution of Rs.450 in respect of the upkeep of churches and Rs.450 in respect of the upkeep of cemeteries. The total cost of the subordinate staff is about 150 rupees per month.

3. The Secretary of State for India, with the concurrence of the Government of India, has now decided that it is desirable that the liability of the Government of India for ecclesiastical affairs at Aden should cease with its separation from India and that the two Government of India chaplains at present serving there should be withdrawn on the date of the separation, or as soon thereafter as it may be practicable to arrange for their relief by other chaplains. It is also proposed that the subordinate ecclesiastical staff employed at Aden should be paid in future by the Colony of Aden.

4. In the light of the Government of India's decision, the Secretary of State has come to the conclusion, after discussion with Sir Bernard Reilly and with the Bishop of Bombay and the Bishop in Egypt and the Sudan, that the following arrangements for the future conduct of ecclesiastical affairs in Aden would be the most satisfactory:—

(1) Aden to be transferred as soon as practicable from the diocese of Bombay to the diocese of Egypt and the Sudan.

(2) Two chaplains to be appointed by the Air Ministry from their own establishment; three-quarters of the total cost of both chaplains being borne by the Air Ministry and the remaining quarter by the funds of the Colony of Aden.

(3) The cost of the subordinate staff to be paid by the Colony of Aden with contributions as at present from the Air Ministry.

5. With reference to (2) above, I am to state that for obvious reasons it is most desirable that both chaplains should be on the same establishment, and, in view of the fact that the Army and Royal Air Force personnel together are more than three times more numerous than the Church of England members of the civilian population, it is preferable that they should be on the Royal Air Force establishment. I am further to explain that careful consideration has been given to the question whether one chaplain would suffice to meet all needs. It has been found that geographical factors alone make this impossible. The garrison and civilian population at Steamer Point are too far distant from the Royal Air Force station at Khormaksar for a single chaplain to minister in both areas, and the personnel are widely separated. It would consequently be very difficult for one chaplain to perform the work required. Apart from this, the contingencies of illness, leave, etc., must be taken into account.

6. Similar considerations have suggested that it would be equitable for the Air Ministry to bear part of the cost of the second chaplain whose presence is required partly for Service needs, the civilian population being quite small. Seeing that the duties of one chaplain are entirely with the Royal Air Force and those of the other partly so, and that both chaplains will be on the Royal Air Force establishment, it appears desirable that their total cost should be shared in approximate proportion to the respective populations receiving spiritual ministration. It is estimated that the total cost will be £2,400 (including a contribution for non-effective services) and towards this it is proposed that the Colony should contribute a fixed payment of £600 a year. It is felt that local opinion in Aden would justly resent the imposition on the funds of the new Colony of a charge greater than the size of the civilian population would justify.

7. The Air Ministry state that they will not be able to post chaplains to Aden until October next. It is therefore proposed that the Government of India should be asked to lend chaplains from the Indian Ecclesiastical establishment for service in Aden up to that date. The Colony of Aden would pay the cost of these chaplains, recovering from the Air Ministry three-quarters of the cost.

8. I am to state that the Secretary of State's proposals have the concurrence of the Air Council, who point out, however, that while one chaplain for Aden will be provided from the establishment approved by their Lordships in Treasury letter No. E. 20304/2 of 22nd May, 1936, addressed to the Air Ministry, the provision of two chaplains for Aden will necessitate an increase of one in the total establishment previously authorised.

9. I am to request that these proposals may be laid before the Lords Commissioners of the Treasury and that their Lordships may be moved to give their consent to the new arrangements.

10. A copy of this letter is being sent to the Air Ministry, and India Office.

I am, &c.,

H. R. COWELL.

78085/37 [No. 8]. No. 192.

TREASURY

to

COLONIAL OFFICE.

SIR, Treasury Chambers, 28th April, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 29th January last*, relative to the arrangements to be made in connexion with ecclesiastical affairs at Aden now that the Aden Settlement has been separated from British India.

In reply I am to request you to inform the Secretary of State for the Colonies that My Lords sanction the detailed proposals made. The necessary authority for the provision of two Royal Air Force Chaplains, subject to recovery of 25 per cent of the cost from the Colony, has been conveyed to the Air Ministry.

I am, &c.,

R. V. NIND HOPKINS.

78085/37 [No. 9]. No. 193.

THE SECRETARY OF STATE

to

THE GOVERNOR.

[*Answered by No. 195.*]

(No. 42.)

SIR, Downing Street, 19th May, 1937.

I have the honour to refer to my telegram No. 17 of the 27th of January† on the subject of ecclesiastical affairs at Aden, and to inform you that, in consultation with the Air Council and the Lords Commissioners of the Treasury, and with the assent of the ecclesiastical authorities concerned, I have now approved the following arrangements:—

(1) Aden to be transferred as soon as practicable from the diocese of Bombay to the diocese of Egypt and the Sudan. There are, however, certain legal matters still outstanding, connected with the transfer, and these now form the subject of correspondence with the Chaplain to the Archbishop of Canterbury.

(2) Two chaplains to be appointed by the Air Ministry from their own establishment; three-quarters of the total cost of both chaplains being borne by the Air Ministry, and the remaining quarter by the funds of the Colony of Aden. It is estimated that the total cost will be £2,400 (including a contribution for non-effective services), and towards this it is proposed that the Colony should contribute a fixed payment of £600 a year.

(3) The cost of the subordinate staff to be paid by the Colony of Aden with contributions as at present from the Air Ministry.

2. As regards arrangements for the immediate future, it was explained in my telegram under reference that Royal Air Force chaplains would not be available until October next. It is understood, however, that interim arrangements have been made for the retention of the services of the two chaplains of the Indian Ecclesiastical Establishment.

I have, &c.,

W. ORMSBY GORE.

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* No. 191. † No. 190.

78085/37 [No. 14]. No. 194.

THE REVEREND A. C. DON (LAMBETH PALACE)

to

SIR COSMO PARKINSON (COLONIAL OFFICE).

MY DEAR PARKINSON, Lambeth Palace, S.E., 10th June, 1937.

Referring to your letter of 5th June*, I have now had a letter from Mr. H. T. A. Dashwood of Messrs. Lee, Bolton & Lee, the Archbishop's Legal Secretary. Mr. Dashwood says as follows:—

"My view is that Aden ecclesiastically speaking will remain attached to the Diocese of Bombay until the General Council of the Church in India passes a resolution severing it from that Diocese. I gather that is unlikely to occur before January, 1938. In the meantime I do not see any legal objection to the Bishop of Bombay requesting the Bishop in Egypt to undertake the spiritual jurisdiction of Aden."

As to that last sentence, it is the case that the Bishop of Bombay and the Bishop in Egypt and the Sudan have long since communicated with one another on the subject, and the Bishop of Bombay entirely approves of the proposed transference, as does the Metropolitan of India.

As to the procedure for effecting the transfer when the General Council of the Church of India have passed the necessary Resolution, Mr. Dashwood says as follows:—

"As regards the Archbishop of Canterbury's sanction it seems to me that it will be sufficient for His Grace to signify his approval by letter to the Bishop in Egypt exercising episcopal jurisdiction in Aden . . . . I might add that the King's Warrant which was obtained for the Consecration of the Bishop in Egypt in 1920 defined the area of his jurisdiction and included among other places the rather vague expression of 'the region about the Red Sea'."

The Archbishop of Canterbury has already signified in writing to the Bishop in Egypt and the Sudan his approval of the proposal that Aden should be transferred to his jurisdiction. A letter to that effect was sent by the Archbishop to Bishop Gwynne on 6th September, 1936.

It would appear therefore as if all the necessary preliminary steps have been taken, and that the transference will be both ecclesiastically and legally effective as soon as the General Council of the Church in India passes the necessary Resolution in January, 1938, or whenever the Council first meets.

If there are still any doubts in your mind on the legal point, will you please communicate direct with H. T. A. Dashwood, 1, The Sanctuary, Westminster, S.W.1?

Yours, &c.,

ALAN C. DON.

78085/37 [No. 15]. No. 195.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 25th June, 1937.)

(No. 97.)

SIR, Governor's Office, Aden, 8th June, 1937.

I have the honour to acknowledge receipt of your despatch No. 42 of the 19th May, 1937†, on the subject of ecclesiastical affairs at Aden, and to inform you that I have noted with satisfaction the arrangements, which you have approved in regard thereto.

2. In the final paragraph of the Note regarding ecclesiastical arrangements, which accompanied my semi-official letter to Sir Cosmo Parkinson of the 3rd of March, 1937‡, reference is made to the desire of the Government of India to receive three months'

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* 78085/37 [No. 12]: not printed. † No. 193. ‡ 78127/37 [No. 5]: not printed.

notice of any changes in the existing establishment. I shall accordingly be grateful if the Government of India may be acquainted, through the proper channels, of the arrangements set out in your despatch under reference. Meanwhile I am personally informing the Bishop of Bombay of their substance.

I have, &c.,
B. R. REILLY,
Governor.

78085/37 [No. 16]. No. 196.

MR. K. O. ROBERTS-WRAY (COLONIAL OFFICE)

to

MR. H. T. A. DASHWOOD.

DEAR MR. DASHWOOD, Downing Street, S.W.1, 14th August, 1937.

We have a letter, dated the 10th of June*, from Dr. Don relating to the transfer of the Church at Aden from the Diocese of Bombay to the Diocese of Egypt and the Sudan, in which, after quoting extracts from a letter from you, he suggests that all that is now legally necessary is a resolution of the General Council of the Church in India. I am not sure, however, whether it is your view that this resolution would suffice for the purposes of the Indian Church Act, 1927.

Prima facie, the position is as set out in the enclosed memorandum, but I do not know precisely what is the legal significance of the proposed resolution. If it is passed under statute, and has the effect of removing the Church in Aden from the definition of " Indian Church " in the Act of 1927, I agree that it would seem to remove most, if not all, of the difficulties. It is not clear to me how even in this case the Aden Church will thereupon become part of the Church of England, but I suppose it is not intended to do so for legal purposes.

I appreciate that most of the questions referred to in the enclosed memorandum are matters which concern the ecclesiastical authorities rather than the Colonial Office or the Government of Aden, but we are, of course, interested at least in (*a*) Crown property, (*b*) the appointment of Chaplains who are paid out of public funds, and (*c*) the appointment of Bishops, assuming that the King's Mandate for consecration will be necessary.

I think the foregoing will suffice to indicate the point about which I feel a little dubious, and as you will probably be able to enlighten me further and may be able to set my doubts at rest, I will not enlarge upon them, except to raise the question whether Section 288 (5) of the Government of India Act, 1935, will have any effect upon Churches and burial grounds in Aden vested in the Crown. This depends upon whether they can be said to have been " vested in His Majesty for the purposes of the Government of India ". I doubt whether they can, having regard especially to the provision of Section 3 (1) of the Indian Church Act, 1927.

Yours, &c.,
K. O. ROBERTS-WRAY.

Enclosure in No. 196.

MEMORANDUM.

The Church in Aden is part of the " Indian Church " as defined in the Indian Church Act, 1927, and the modifications of that Act made by the Government of India (adaptation of Acts of Parliament) Order, 1937, preserves its position as such, it seems doubtful whether it will cease to be so if some ecclesiastical formality separates it for purely spiritual purposes. If this doubt is well founded it seems that despite the separation of the Church of Aden from the Indian Church, and its incorporation in the diocese of Egypt and the Sudan, His Majesty will have no power to appoint Bishops for Aden (Section 2 (iii)) though if the Church in Aden becomes part of the Church of England presumably the ordinary procedure appropriate to the appointment of

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* No. 194.

Colonial Bishops will apply; in any case ecclesiastical corporations of the Indian Church in Aden (if any) have already been dissolved (Section 2 (iv)); and the churches and burial grounds of Aden would, in theory it seems, remain under the control of the Indian Church (Section 3). Further, two churches in Aden are " Maintained Churches " for the purposes of the Act (Section 2 and second schedule), so if Section 4 becomes operative, then, notwithstanding that the Church in Aden will be part of the Church of England, that section would apply, though it need not be put into operation (see the new subsection 3A). If the Church in Aden becomes part of the Church of England, it is not clear how far Section 5, as amended, is appropriate, and if there is Aden property held by the Indian Church Trustees, presumably something will have to be done about Section 6. Section 7 may need consideration and Section 8 should no longer apply.

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5. FINANCIAL ADJUSTMENTS BETWEEN H.M.G. AND THE GOVERNMENT OF INDIA

78114/36. No. 197.

AUDIT OF ADEN ACCOUNTS ON TRANSFER.

MINUTE BY THE DIRECTOR OF COLONIAL AUDIT.

It is desirable that at this early stage I should give you my views on the possible audit arrangements for Aden when the transfer takes place.

As regards the extract in No. 1 herein, when the dual Auditorship of Seychelles and Somaliland came to an end last year, and the arrangements for the audit of Somaliland were being considered, I gave my views on the possibility of the audit being conducted by the secondment of an Assistant Auditor from another Territory,—paragraphs 2, 3 and 4 of my minute of the 7th of March, 1935, in Seychelles 34908/34*. This view was accepted by the Colonial Office and the Commissioner of Somaliland was informed accordingly in paragraph 2 of the Secretary of State's confidential despatch of the 24th of July, 1935 (No. 3 in Somaliland 46059/35*). The position has not changed materially since my minute was written, so the possibility of an audit by secondment must be ruled out as impracticable.

The arrangement adopted for the Somaliland audit by visits of an Assistant Auditor from the Central Office in London (paragraphs 3 and 4 of the confidential despatch of 24.7.35) could not be extended to cover the audit of the Aden accounts as well. The combined audit would, no doubt, fully occupy the whole time of one man and the system of part-time visits could not conveniently be made to apply.

And so we are left with the proposal already suggested by the Commissioner of Somaliland and by myself, and mentioned in the first paragraph of the confidential despatch of the 24th of July, 1935, that there should be a joint Auditor for the audit of the accounts of Aden and Somaliland. The territories are adjacent and easily accessible from each other, the combined work should be within the capacity of one Auditor with suitable clerical assistance, and the cost to each territory should be reasonable.

This is the only arrangement that I can suggest which is likely to work satisfactorily; and I shall be glad if it may be favourably considered. The details can be worked out in due course.

A. J. HARDING.

18th May, 1936. Director of Colonial Audit.

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* Not printed.

78128/36 [No. 1]. No. 198.

THE GOVERNMENT OF INDIA (FINANCE DEPARTMENT)

to

THE SECRETARY OF STATE FOR INDIA.

(Copy received in Colonial Office 30th May, 1936.)

Simla, 7th May, 1936.

Subject:—Financial adjustments between India and His Majesty's Government consequent on the separation of Aden from India.

SIR,

I am directed to forward for information a memorandum on the financial adjustments between India and His Majesty's Government consequent on the impending separation of Aden from India and to enquire whether the Secretary of State accepts its conclusions.

I have, &c.,

J. C. NIXON,

Secretary to the Government of India.

Enclosure in No. 198.

MEMORANDUM RELATING TO THE FINANCIAL ADJUSTMENTS ON THE SEPARATION OF ADEN FROM INDIA.

By Section 288 of the Government of India Act Aden is to be separated from India. The first part of subsection (5) of that Section has much the same import as that of Section 448 (1) and (2) which applies to Burma. But whereas in the case of Burma there is Section 452 of the Act contemplating a financial adjustment between India and Burma to compensate for any possible unfairness on account of this inevitable division of property and on account of other factors, there is no corresponding clause relating to Aden. However, this omission can hardly affect the proposition that if a financial adjustment between India and His Majesty's Government consequent on the separation of Aden is equitable, it should be effected.

2. The report of the Indo-Burma Tribunal has now provided a model for the financial adjustments to be undertaken when a country is split up into two parts. But where one of the parts is so small relative to the other as is the case of Aden compared with India, it would be supererogatory to apply all the niceties necessary in the separation of Burma from India.

3. When His Majesty's Government took over the military control of Aden, the concerned buildings were transferred free of cost. This was in consonance with the practice and conceptions of the Government of India at the time. It has been assumed in past correspondence regarding the separation of Aden that civil buildings would be similarly handed over to His Majesty's Government free of cost. But if, in view of the new conceptions forced on them by the report of the Indo-Burma Tribunal, a financial adjustment ought to be forthcoming on account of such assets as buildings, then the Government of India would be justified in going back on their previous opinion so far as civil buildings are concerned. The report of the Tribunal on this point, however, does not merely mean that Aden should pay India for the buildings in Aden any more than it means that India should pay Aden for the buildings in India. The report lays down that buildings come into the picture as an asset when calculating the balance of liabilities over assets. Aden ought to assume responsibility for a small fraction of the uncovered debt liability of India. Against this Aden ought to get credit for the fact that there is not in Aden a corresponding fraction of the dead assets of the Government of India.

4. It would, however, suffice in the case of Aden if His Majesty's Government reimbursed the Government of India for—

(*a*) obligations of the nature of debt specifically referable to Aden at the date of separation, and

(*b*) some portion of the pensionary liabilities arising out of Aden.

5. The formerly Indian military land in Aden was made over to the War Office subject to the two following conditions:—

(*a*) the lands were to revert to the Government of India in the event of their ceasing to be utilized for military purposes, and

(*b*) the Government of India was to provide the War Office free of cost with any land in Aden which might subsequently be required by the War Office in connexion with the defence of Aden.

These two conditions will naturally lapse upon the separation of Aden.

6. The following were the balances of civil debt and deposit heads in Aden on 31st March, 1935:—

Credits.

	Rs.	as.	p.
General Provident Fund	1,18,962	11	0
I.C.S. Provident Fund (Sterling Branch)	9,219	8	0
Cemetery Endowment Fund	7,585	8	8
Revenue deposits	17,518	9	11
Personal deposits:			
Cash orders — Rs. 753 6 0			
H.H. Sultan's nephew Trust Fund — 137 12 6			
Kamaran Quarantine Station Fund — 3,53,321 9 2			
Kamaran Civil Administration — 25,855 14 7			
Superintendent, Lighthouses — 36 12 0			
	3,80,105	6	3
Renewal and enfacement fee on Government Promissory Notes	8	0	0
P.W. Deposits	23,991	15	0
Shipping Master's Deposits	122	11	0
P.W. Remittances	594	5	0
	Rs.5,58,108	10	10

Debits.

	Rs.	as.	p.
Permanent Advance	1,330	0	0
P.W.D. balances	50	0	0
House building advances	500	0	0
Motor car advances	7,706	8	0
Passage advances	4	0	0
Aden Settlement Fund Debt	5,00,000	0	0
Cash (normal balance)	1,50,007	1	6
	Rs.6,59,597	9	6

Rs.6,59,597-9-6 *minus* Rs.5,58,108-10-10: *Rs.1,01,488-14-8.*

Assuming that responsibility for all of these items is assumed by the Aden authorities, they involve together a net liability against Aden of about Rs.1·01 lakhs. The present currency chest of the Reserve Bank of India at Aden will be closed and its contents brought back to India.

7. The item of Rs.5 lakhs above is the outstanding balance of a loan of Rs.10 lakhs drawn in 1925-26 by the Aden Settlement Fund for an electric supply project. The loan is at present carrying a rate of interest of 6¼ per cent. The local authority maintains an invested sinking fund for the eventual repayment of this debt. Its annual contribution to the fund is about Rs.45,000. In December, 1933, the balance in the sinking fund was just over Rs.50,000.

8. In regard to the Posts and Telegraphs Department there are certain adjustments to be taken into account. The capital account of that Department corresponds to an identifiable item in the public debt of India. The figures for Aden on 31st March, 1935, were—

Capital outlay (i.e., depreciated value of assets as on 1st April, 1925, plus cost value subsequently):—

(1) Post Office buildings at Steamer Point, Aden and Khomaksar ...	Rs.1·55 lakhs.	
(2) Aden telephone exchange ...	1·57	
	——	Rs.3·12 lakhs.
Less depreciation		·19 ,,
		——
	Net	Rs.2·93 lakhs.
		——

This sum would be due by Aden to India. (The figures exclude the value of land as this is not borne on the block.)

9. Other items under Posts and Telegraphs which would require adjustment, as they stood on 31st March, 1935, are—

(*a*) Savings Bank Deposits. (The Government of India will be responsible for any Indian savings bank accounts dead before the date of separation)	Rs.4·48 lakhs.
(*b*) Provident Fund Deposits	,, ·15 ,,
(*c*) Cash in the hands of Postmasters	,, ·19 ,,

The first two items would stand to the debit of Aden and the last to its credit. That is, between them they constitute a liability of value Rs.4·44 lakhs. Any balance of unpaid foreign money orders outstanding on the date of separation would also have to be adjusted. The amount will be small. It was only about Rs.450 on 31st March, 1935. The clearance of certain suspense heads (which show a credit of about Rs.4,750 to Aden on 31st March, 1935) might also involve adjustable items.

10. For the following elements, presumably adjustments will have periodically to be done through an exchange account and in consequence they need not be considered as coming into the separation question—

Payment of Indian Post Office Cash Certificates.
Money orders with India.
Receipts and payments on account of Indian Postal life insurants.

11. The pensionary liabilities of Aden fall into the following categories:—

(*a*) pensions in issue on the date of separation for service wholly in Aden
  (i) payable in Aden, and
  (ii) payable in India or elsewhere;
(*b*) pensions in issue outside Aden on the date of separation covering part-time service in Aden;
(*c*) future pensions arising out of whole time service in Aden;
(*d*) future pensions arising out of part time service (whether before or after separation) in Aden.

Of these, in the civil class, Aden will continue to disburse (*a*) (i) amounting at present to about Rs.17,000 a year. (There is one pensioner who never served Aden drawing a pension from the Aden Treasury. The commuted value of his pension on 31st March, 1935, was about Rs.3,650 and Aden would be due to obtain a credit for this sum.) Aden will naturally become responsible for (*c*). Aden should in future meet the part of (*d*) on the basis of length of service referable to service in Aden. There is no practical manner of apportioning (*b*) and Aden will have to be exonerated from bearing any share of that class. Class (*a*) covers mainly subordinate personnel. As regards (*a*) (ii), five pensioners of the Aden Police department have been identified who draw their pensions at Barabera in Somaliland. Their charge amounts to about Rs.1,000 a year. After separation Aden will bear this debit direct. Five other persons drawing pensions in India for whole time service in Aden have been identified. The commuted value of the pensions drawn by these as on 31st March, 1935, is about Rs.56,000. This sum would be debitable to Aden in a financial settlement upon separation.

12. As regards pensions arising out of the Posts and Telegraphs department in Aden, any which were sanctioned before 1st April, 1921, would appear among civil pensions. It is unlikely that any which matter exist now. For the rest, only four pensioners have so far been discovered. One person is drawing a pension of Rs.37-11 a month in Aden for whole time service in Aden. Aden after separation will be responsible for this. Another is drawing a pension in Aden of Rs.115-2 a month although he did not spend his whole service there. Aden would obtain a credit for the capitalized amount of his pension ascribable on a time basis to his service out of Aden. Two other pensioners have been found in India who spent their whole service in the Posts and Telegraphs Department in Aden. The capitalized value of their pensions on 31st March, 1935, was about Rs.15,300 which would be a debit in a financial settlement to Aden.

13. If, particularly in the Posts and Telegraphs Department, personnel to serve in Aden cannot be obtained from the present services and in consequence the Government of India have to abolish some posts and pay compensation to individuals thereby, the compensation element would be due to be debited to the account of Aden.

14. The summary (in Rs. lakhs) of the items mentioned above is as follows:—

Liabilities by Aden to India.

Paragraph	6	...	...	...	...	1·01
,,	8	...	...	...	...	2·93
,,	11	...	...	...	...	·56
,,	12	...	...	...	...	·15
						4·65

Liabilities by India to Aden.

Paragraph	9	...	...	...	...	4·44
,,	11	...	...	...	...	·04
						4·48

Net amount due to India Rs.·17 lakhs.

15. If the cash balance in the Treasury is above the normal figure on the date of separation, the difference will be taken to the currency chest. Under the terms of the Aden Settlement Fund Loan, India can claim nothing from the sinking fund before the date of separation. The amount of actual cash adjustment as on the date of separation is not likely to be a figure out of order with the figure at the end of the last paragraph. In view of the fact that as an outcome of separation India will save (according to the 1935-36 budget figures) Rs.16 lakhs a year on the military budget alone, it is not worth while India's demanding payment of such a relatively small sum as this. It will therefore not be necessary to recalculate the position as on the actual date of separation. But it will be well to render the account set out in this memorandum as a record of the sums involved, and so that His Majesty's Government and the Departments of the Government of India, and especially the Accounts Department, may understand the position.

16. It may then be laid down that all pensions in issue in Aden on the date of separation will be borne by Aden, while pensions payable in India which cover the whole time or part time service in Aden will be borne by India. Any pensions payable outside India or Aden for whole time service in Aden will be borne by Aden which will however be relieved from bearing any share of such pensions if they cover only part time service in Aden. Pensions sanctioned after separation will be allocated between Aden and India on the basis of length of service.

78128/36 [No. 17]. No. 199.

RECORD OF A MEETING HELD AT THE COLONIAL OFFICE ON THE 19TH JUNE, 1936, TO DISCUSS:

A. THE FUTURE FINANCIAL ARRANGEMENTS AT ADEN; AND

B. THE FINANCIAL ADJUSTMENT BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF INDIA.

MR. COWELL (*in the Chair*).
SIR BERNARD REILLY, Resident and Chief Commissioner at Aden.
MR. CLAUSON, MR. K. ANDERSON, } India Office.
MR. HALE, Treasury.
MR. BLAXTER, MR. BOYSE, MR. PALMER, MR. JAMES, } Colonial Office.

A. *Future Financial Arrangements.*

1. MR. COWELL said that he wished to emphasize the fact that in dealing with the future financial arrangements for Aden we were bound by certain pledges. These were:—

(i) that India would be relieved of her present annual contribution of £150,000 towards the military and political administration, and that no part of this sum should fall on Aden revenues;

(ii) that we would do our utmost to maintain the present standard of administration; and

(iii) that we would not impost any additional taxation unless such a course became, in our opinion, absolutely necessary.

It was essential not only that these pledges should be honoured, but that no impression should be given that any part of the expenditure on the Protectorate would be borne by the new Colony. It was for this reason that the Colonial Office proposed that there should be two budgets, one for the Colony and one for military, political and Protectorate matters. The revenue in the Protectorate estimates would consist, initially, wholly of a grant from the Imperial Treasury but His Majesty's Government would also make contributions as at present towards that part of the expenditure in the Colony of Aden considered to be on Protectorate services. The present contributions of His Majesty's Government of this nature are in respect of:—

(*a*) *The Armed Police.*—The Armed Police replaced an Indian infantry battalion and are there largely for defence purposes.

(*b*) *The Civil Hospital.*—Although the hospital is maintained by the Government of India a large proportion of its patients (approximately 50 per cent) come from the Protectorate.

(*c*) *Residency and Treasury Establishment.*—Some of the staff are wholly or partly engaged on Protectorate work.

2. SIR BERNARD REILLY referred to the draft Estimates attached to his comprehensive memorandum dated the 5th May, 1936*. The draft Estimates are based on actuals for the last three years, but take into account the increased revenue which it is hoped to obtain and increased expenditure which appears unavoidable. The draft Estimates show a small surplus, but this result must be regarded as provisional only until further information is available regarding future income tax receipts, the prospects of the salt industry and the future of the Abyssinian trade. It is also not clear whether the receipts under (*c*) above have been taken into account when the draft Estimates were prepared.

3. SIR BERNARD REILLY said that he regarded the question of income tax as the most important of these three. The estimated receipts from this source are based on the figure given for 1932-33, namely, 2½ lakhs of rupees, but much would depend on the arrangements made regarding such firms as the Anglo-Iranian Oil Company and the salt and shipping companies who do large business in Aden but at present pay income tax in India.

The most important industry in Aden is the salt industry. At present Aden is within the tariff wall set up by the Salt (Additional Import Duty) Act, 1931, and

* No. 145.

50 per cent of the Indian salt imports come from Aden. The fear is that when Aden ceases to be part of British India she will be outside the tariff wall and the salt industry may be ruined. It is hoped to induce the Government of India either to abolish the tariff on Aden salt or concede it a special tariff. It would have a most unfortunate political effect if the first result of the separation of Aden from British India was the ruin of the only important industry in Aden.

The new situation in East Africa may result in the Italians diverting their trade from Aden to Italian ports. If this happens, the trade of the port of Aden would be seriously affected and the revenue of the new Colony would suffer.

4. SIR BERNARD REILLY said that he agreed with Mr. Cowell that the budget should be in two parts. The Colonial budget would have to be submitted to the new Executive Council and should be in such a form as to allay the fears which already exist that the new Colony will have to pay for the Protectorate. The Protectorate budget would not be submitted to the Executive Council.

5. MR. ANDERSON said that the future arrangements regarding double taxation had been raised in a recent letter received from the Government of India (a copy of which was handed round at the meeting) which suggested that an agreement on this subject between themselves and His Majesty's Government would be necessary. Up-to-date figures would be required before details of any arrangement could be considered.

As regards salt, Mr. Anderson said that the Government of India's letter showed that Aden would probably be allowed to remain within the tariff wall until the expiry of the present Act, i.e., until April, 1938. The Government of India had asked for the views of His Majesty's Government on this point.

6. MR. COWELL pointed out that the figures for income tax receipts could not be known until the first assessment had been made, say six months after the transfer. He also pointed out that the Colonial Office Model Income Tax Ordinance made elaborate provisions for double income tax.

7. MR. ANDERSON said that Burma were taking over the Indian Income Tax Law *mutatis mutandis* and he asked why the same thing could not be done in the case of Aden.

8. It was agreed that the possibility of adapting the Indian Income Tax Law for Aden, subject to the adjustment of double taxation, should be examined.

9. MR. HALE referred to the proposal of the Colonial Office that there should be two budgets, one for the Colony and one for the Protectorate, and he said that a combined budget might be preferable.

10. MR. COWELL drew attention to Mr. Grieve's letter of the 17th August, 1933, to Mr. Laithwaite (page 23 of M.E.50), in which the following passage occurs:—

> "We agree that it is desirable to scotch the rumour which appears to be current in Aden that the annual contribution of Rs.20 lakhs (£150,000) of which India would be relieved in the event of separation, would in future be borne by Aden. We have no objection, therefore, to your authorizing the Government of India to issue a statement to the effect that the annual contribution of Rs.20 lakhs would in future be borne by Imperial revenues, and that no additional charge on this account would be imposed on the revenues of Aden".

In view of this letter Mr. Hale agreed that the Treasury could not press for the incorporation of Protectorate expenditure with the Settlement budget.

11. SIR BERNARD REILLY said that in his opinion it was essential that any surplus which might accrue to the new Colony should go to form a reserve fund to be used for capital expenditure such as building, etc. MR. COWELL agreed, and said that the new Colony would be entitled to exist under the same conditions as any other Colony. There might be a case later for asking them to make a voluntary contribution towards defence, as has been done in the case of other Colonies, but such contributions (apart from certain statutory contributions in the Eastern Colonies) always depend on the financial conditions of the territory concerned and are always of a voluntary nature.

12. Discussion then centred round the form of the budget and it appeared that, for practical purposes, there were the following three alternatives:—

(1) A combined budget.

The objections to this were

(*a*) the necessity to avoid giving any impression that the Colony would be paying for the Protectorate; and

(*b*) the technical difficulty of making a grant-in-aid if the Colony were to show a surplus.

(2) One budget separated into two parts, one for the Colony itself and the other for the Protectorate, the latter comprising a grant-in-aid to meet all expenditure.

The difficulty here would be that there might be technical objections to making a grant-in-aid to a territory which had no revenue of its own.

(3) Two budgets, one for the Colony and the other for the Protectorate, the latter to continue as at present as a sub-head of the Colonial and Middle Eastern Services Vote.

The objections to this were that complications might arise owing to the overlapping of staff. There would also be difficulties regarding questions of pensions, income tax, etc.

13. It was finally agreed that the Treasury should examine this question and give their views on the understanding that the Colony would not be asked to bear any expenditure on Protectorate, political or military services.

B. *Financial Adjustment between His Majesty's Government and the Government of India.*

14. MR. COWELL referred to the proposals contained in the Government of India's memorandum on this subject. He first dealt with the question of Aden's pensionary liabilities (paragraph 11 of the memorandum) and said that the Colonial Office felt some hesitation in accepting the proposal that the new Colony should accept liability for pensions already in issue.

15. SIR BERNARD REILLY suggested that pensions must be regarded as deferred pay in respect of services rendered to the Government of India and that it would be inequitable that the new Colony should be burdened with this liability at the beginning of its existence.

16. MR. ANDERSON said that the proposed apportionment of pension liability was similar to that adopted in the case of Burma in accordance with the recommendations of the Indo-Burma Tribunal, presided over by Mr. Amery, and that it would be very difficult to move the Government of India from applying the same theory to Aden. Broadly, the theory was that India, including Aden, had incurred certain pensionary liabilities and that it was for the new Colony to assume such proportion of that liability as applied to Aden on the date of transfer.

17. MR. HALE said that after consideration the Treasury were not prepared to oppose the Government of India's proposals on the subject of pensions. Although no pensionary liability was being assumed in the case of the India Office staff, different considerations obtained in the case of Burma and Aden, where the new Governments were taking over revenue. The Treasury would therefore probably be prepared to agree in principle to the pension proposals in paragraph 11 of the Government of India's memorandum on the understanding, however, that the method of calculating Aden's liability under paragraph 11 (*d*) " Future pensions arising out of part-time service (whether before or after separation) in Aden " would require special consideration, as technical points as to the method of calculation were involved.

18. MR. COWELL then referred to paragraph 13 of the Government of India's memorandum where it is intimated that Aden would be expected to meet any compensation payable to officials at present serving in Aden who are unwilling to continue to serve after the transfer and who cannot be reabsorbed into the Indian establishment. The Colonial Office were opposed to the payment of compensation to officials who were unwilling to continue service in Aden after the transfer. The liability of Aden to these individuals would be completely met if they were offered a continuance of service in Aden on the terms on which they are at present serving. If they did not wish to continue to serve after the transfer and could not be reabsorbed into the Indian Service, no responsibility would lie on the Colony of Aden.

19. MR. ANDERSON said that the India Office would be reluctant to override the Government of India on this point but the views of the Colonial Office would be passed on for consideration.

20. SIR BERNARD REILLY explained in this connexion that service in Aden was not popular. The higher officials who decided to remain in Aden would be on foreign service and could not be compelled to continue service in Aden, while some of the subordinate officials recruited in India would wish to return to India where their prospects would be better. This, of course, did not apply to officials recruited exclusively for service in Aden, who, he anticipated, would be willing to remain if their conditions of service remained unaltered.

21. MR. COWELL referred to the question of the transfer of existing buildings. The Government of India were prepared to transfer free to the new Government existing military buildings and civil buildings, with the exception of those belonging to the Post Office and Telephones Department. The Colonial Office had hoped that *all* buildings would be transferred free of charge to the new Government and the distinction made between Post Office buildings and other buildings was not altogether clear.

22. SIR BERNARD REILLY suggested that if the Post Office buildings were to form a liability, the new Colony should also take over some of the profits made by the Department as a result of the construction of those buildings.

23. MR. ANDERSON explained that the Post Office and Telephones Department was run on a commercial basis and that the buildings are represented as a cash item in the Department's accounts.

24. MR. COWELL said that if the buildings were not to be transferred free there appeared to be a case for allowing a larger sum as depreciation than that proposed by the Government of India (namely 19 lakhs), but the India Office representatives said that it might be difficult to induce the Government of India to allow a larger sum for depreciation than that shown in their own Department's books.

25. Mr. Cowell then pointed out that the acceptance of the Government of India's proposals would result in the Colony being liable for the Savings Bank deposits in Aden. It was true that this liability would be offset by certain assets, but these latter would be in the form of buildings and would not be easily realizable. It was not clear whether the new Government would take over the Savings Bank or whether a branch of the existing Bank would be opened in Aden. The first alternative would be preferable.

26. It was pointed out that the tendency is for deposits to increase rather than to be withdrawn so that it should not be necessary for the Colony to hold a large sum in cash in this respect. The conclusion was reached that the Crown Agents should if necessary be asked to make temporary advances to Aden to meet any excess of withdrawals over deposits and also to cover day to day expenditure until Aden was in a position to meet the expenditure on these services from its own revenues.

27. The meeting reached the conclusion that, subject to (*a*) the question of compensation to officials who declined to continue serving in Aden, and (*b*) the amount of depreciation to be allowed on the Post Office buildings, the proposals of the Government of India might be acceptable in principle. Acceptance, however, would be on the understanding that the settlement would be on the same principles as those proposed in the present memorandum but on the basis of figures compiled as on the 31st March, 1937, and that cash adjustments should be made as on that date. This would involve, *inter alia*, a reduction in the book debt mentioned in paragraph 8 of the Government of India's memorandum.

78128/36 [No. 13].

No. 200.

COLONIAL OFFICE

to

INDIA OFFICE.

[*Answered by No. 206.*]

SIR, Downing Street, S.W.1, 30th July, 1936.

I am directed by Mr. Secretary Ormsby Gore to refer to Mr. Stewart's letter of the 28th May* enclosing a memorandum relating to the financial adjustments on the separation of Aden from India, and to the subsequent discussion thereon at the Colonial Office on the 19th June and to request you to inform the Marquess of Zetland that Mr. Ormsby Gore considers that a settlement should be effected on the following lines:—

2. *Paragraphs 6, 7, 9 of the Memorandum.*—It is considered that a cash adjustment should be effected with the Government of India on the basis of the actual balances standing in the books of the Aden Treasury on the date of transfer (31st March, 1937).

3. *Paragraph 8.*—It is noted that whilst it is agreed that transfer of the Civil and Military Buildings to the new Colony should be effected without charge, an adjustment is proposed in the case of Post Office and Telephone buildings. It is understood

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* Enclosure in No. 198.

that the reason for this differentiation in treatment is the fact that the Indian Posts and Telegraphs Department is run on a commercial basis and that in such circumstances definite loan charges in respect of those buildings can be identified in the public debt of India. Mr. Ormsby Gore is prepared therefore to accept the proposal that the value of those buildings should be taken into account and form part of the cash adjustment referred to above. He considers however that the value of the buildings should be taken as that existing at the date of transfer (and not at 31st March, 1935, as suggested by the Government of India) and that furthermore the rate of depreciation should be greater than that allowed for in the memorandum. The latter appears to be very low (less than 1 per cent per annum) and I am to request that the question of allowing a higher rate of depreciation may be taken up with the Government of India.

4. *Paragraphs 11, 12, 13 and 16.*—The proposals regarding the allocation of the cost of pensions existing at the date of transfer and of those awarded thereafter are agreed to generally, subject to the reservation that Mr. Ormsby Gore is unable to agree with the proposal in paragraph 13 that Aden should accept any liability for the payment of compensation to individuals in the service of the Government of India who may be unwilling to continue to serve in Aden after 31st March, 1937. The liability of Aden to these individuals, it is considered, would be met if they were to be offered a continuance of service after that date on exactly the same terms as those on which they are at present serving. If they do not wish to continue on those terms it is considered that no liability in the matter can be held to fall on Aden. Mr. Ormsby Gore also considers that the question of Aden's liability in respect of future pensions arising out of part-time service (whether before or after separation) in Aden will require further consideration in view of the technical points involved as to the method of calculation.

5. I am accordingly to request that should the Secretary of State in Council see no objection, the above views may be transmitted to the Government of India for their favourable consideration.

I am, &c.,

H. R. COWELL.

78128/36 [No. 22].

No. 201.

MR. S. TURNER (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 202.*]

DEAR COWELL, Whitehall, London, S.W.1, 14th August, 1936.

In connexion with the forthcoming transfer of the administration of Aden to His Majesty's Government we have been considering the desirability of reaching an understanding regarding the demarcation of liability for expenditure when the appointed day arrives. It is an accepted principle in Government accounting that the date of the cash transaction normally determines the adjustment of the expenditure and your Department is probably aware that this was recognized a year or two back in correspondence with the Air Ministry concerning the treatment of certain arrear items included in some of the earlier of that Department's claims for the Indian contribution for Aden, *vide*, e.g., Air Ministry demi-official letter No. 210251/32/F.E., dated 21st December, 1934*. We assume, therefore, that His Majesty's Government will have no difficulty in agreeing that the same principle shall operate in the present instance.

2. I do not think its actual application can be better described than in War Office letter dated 6th April, 1927, No. 16/Abroad/176(F.1)†, written after consultation with the Colonial Office at the time of the transfer of the military and political administration of Aden, where the following paragraph appears:—

> "Following the provisional agreement arrived at verbally between representatives of the India Office and War Office, I am to suggest that all payments made and credits received after the 31st March, 1927, should be regarded as repayable by the War Office except in so far as they may represent adjustments with sub-accountants or agency transactions which under normal procedure would be carried back into the Account of Aden Military Expenditure for 1926–27 so long as it remains open."

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* Copy not received in Colonial Office, but presumably letter based on No. 355/2 Accounts [No. 56].

† 48020/27 [No. 23]: not printed.

3. Perhaps you will let me have your views in the near future and will say whether you wish the matter taken up officially at this stage. I think we shall find it necessary to obtain India's acquiescence and formal approach to you might accordingly be deferred.

4. There is one further point I might mention now. India has a direct accounting system with numerous Colonies, etc., and presumably in the case of Aden there is every reason for instituting such an account. Subject to any observations you may have to offer in this connexion we propose to ask the Government of India to make the necessary arrangements at their end and to furnish for your Department's information particulars of the manner of operation of the account, including the periodical adjustment which is presumably necessary unless the transactions each way more or less balance. I should add that as far as we know this exchange account would be independent of the Post Office Exchange Account envisaged by the Government of India (in paragraph 10 of their Memorandum regarding the Financial Settlement) for the adjustment of Money Orders, etc.

Yours, &c.,

SIDNEY TURNER.

78128/36 [No. 23]. No. 202.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. S. TURNER (INDIA OFFICE).

DEAR TURNER, Downing Street, S.W.1, 14th September, 1936.

In Cowell's absence I am replying to your letter of the 14th August*, to say that we agree that it is desirable to come to an understanding now regarding the demarcation of liability for expenditure in Aden after the 31st March next.

We agree with the principle referred to in the first paragraph of your letter, that so far as final receipts and expenditure are concerned the date of any transaction must determine whether it relates to India or to the new Colony of Aden.

As regards paragraph 4 of the War Office letter of the 6th April, 1927†, which you quote, we think that the proviso " except in so far as they may represent adjustments, etc." may not prove to be entirely applicable to the present case in view of the cash settlement proposed with India on the basis of the balances in various suspense accounts as at 31st March, 1937 (*vide* paragraph 2 of Colonial Office letter of the 30th July, 1936‡). If, as a result of the cash settlement, the Colony of Aden takes over the financial responsibility of all the suspense accounts, then receipts and payments after 31st March, 1937, whatever their nature would apparently be the sole concern of the Colony. We do not think that any question of principle is involved here but that it is rather a question of the correct accounting procedure required to be taken following a decision on the proposals in our letter of the 30th of July. The matter will we think be clearer after the 31st of March next and for the moment we should like to place on record our doubt whether the procedure referred to in paragraph 2 of your letter is applicable in its entirety to the present case of Aden.

We agree that it will be best to defer taking up the matter with us officially until you have obtained the agreement of the Government of India.

As regards paragraph 4 of your letter, we agree that there appear to be advantages in India accounting direct with the new Colony of Aden and we should be glad to have some information as to the manner in which it is proposed to operate the account.

When you are in a position to approach us officially on the above matters we shall have to write to the Treasury to secure their concurrence of any proposed agreement.

Yours, &c.,

K. W. BLAXTER.

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* No. 201. † 48020/27 [No. 23]: not printed. ‡ No. 200.

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78128/36 [No. 24]. No. 203.

MR. S. TURNER (INDIA OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 205.*]

DEAR COWELL, Whitehall, London, S.W.1, 22nd September, 1936.

As your Department is probably aware the cash requirements of the Royal Air Force at Aden have hitherto been obtained from the Aden Treasury against reimbursement by the Air Ministry in sterling to this Office. In view of the forthcoming transfer of the administration to His Majesty's Government we are now advising that Department that this arrangement will cease after 31st March next, in order that they may take the necessary steps for the future supply of funds.

As we view the matter the provision of funds required by the Colonial Government itself will, although the currency is to continue to be the Indian rupee, be no concern of the Indian Government and it is understood from enquiry of your Accounts Department that it is a matter for the Crown Agents for the Colonies. In order, however, that there may be no complications at the last minute may I have your confirmation of this?

Yours, &c.,

SIDNEY TURNER.

78114/36 [No. 6]. No. 204.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

[*Answered by No. 207.*]

(No. 311.)

SIR, Downing Street, 7th October, 1936.

I have the honour to inform you that I have had under consideration in consultation with Sir Bernard Reilly the question of what arrangements are to be made regarding the audit of Aden accounts after the 1st April next, and I enclose, for your information, a memorandum* on the subject prepared by the Director of Colonial Audit.

2. It is proposed that a joint auditor for Somaliland and Aden should be appointed at a fixed salary of £850 a year and that he should be appointed to Somaliland on Somaliland terms of service: he would have his headquarters at Berbera where he would have free Government quarters and when he visited Aden he would draw an allowance in lieu of quarters. Whether he was in Somaliland or Aden or travelling between the two, he would be earning leave, pension, etc., on Somaliland terms, Aden paying such share of his salary, passages, leave salary, etc., as might be thought fair, and a pension contribution to cover Aden's share of his ultimate Somaliland pension. It is proposed that the cost should be divided between Somaliland and Aden in the proportions of 45 per cent. and 55 per cent. respectively.

3. As regards the distribution of Aden's share of the cost between the various units at Aden, the Director of Colonial Audit suggests that the cost should be divided between the Colony, the Port Trust and the Settlement in the proportions of 24 per cent., 16 per cent. and 13 per cent. I shall be obliged if you will consult the Port Trust and the Executive Committee of the Settlement and enquire whether they are willing to come into the scheme and to bear the proportions of the cost proposed.

4. As for the subordinate staff I agree that this should consist of one superintendent and two clerks, and I request that you will inform me what rates of salary you recommend for these posts. You will observe that the Director of Colonial Audit comments on the salaries for these officials on page 11 of his memorandum.

5. When general agreement has been reached on these proposed arrangements, I propose to make enquiries at once for a suitable candidate for the post of Superintendent. In this connexion I shall be obliged if you will inform me whether you have any observations as to the best method of obtaining the Superintendent and whether you agree that the two clerks can be recruited locally.

I have, &c.,

W. ORMSBY GORE.

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* 78114/36 [No. 3A]: not printed.

78128/36 [No. 25]. No. 205.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. S. TURNER (INDIA OFFICE).

DEAR TURNER, Downing Street, S.W.1, 28th October, 1936.

I am sorry for the delay in replying to your letter of the 22nd September* regarding the arrangements for financing the Air Force in Aden after 31st of March next. We agree that after that date the matter will cease to be the concern of the Indian Government.

Whether it can be done through the Crown Agents for the Colonies or whether the Air Ministry will have to make their own arrangements for remitting funds to Aden, we have not yet decided. The question has been discussed with the new Finance Officer who will consider on his arrival in Aden whether there is any advantage to Aden in supplying the Air Force with the necessary funds locally against payments made by the Air Ministry to the Crown Agents for the Colonies in London. When we receive the report of the Finance Officer we will take up the matter with the Air Ministry, to whom I am arranging for a copy of this letter to be sent.

Yours, &c.,

H. R. COWELL.

78128/36 [No. 27]. No. 206.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 213.*]

SIR, Whitehall, London, S.W.1, 30th October, 1936.

With reference to your letter of the 30th July†, and connected correspondence relating to the financial adjustments to be made on the separation of Aden from India; I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of a letter from the Government of India on this subject.

2. It will be observed that the Government of India still adhere to their opinion that since the sum of money involved either way must be relatively inconsiderable, the very elaborate accounting investigation necessary to achieve an exact adjustment would not be justified; and they accordingly suggest once more that the matter might be settled on a " no-payment " basis. I am to enquire whether Mr. Ormsby-Gore is prepared in all the circumstances to concur in the Government of India's view.

I am, &c.,

J. C. WALTON.

Enclosure in No. 206.

THE GOVERNMENT OF INDIA TO THE INDIA OFFICE.

SIR, Simla, 28th September, 1936.

I am directed to refer to your letter No. P.Z. 5526-36, dated the 15th August, 1936‡, on the subject of financial adjustments consequent upon the separation of Aden from India.

2. I am to state that since the original memorandum was compiled the Aden Administration has, at its own request, been permitted to repay the balance of the loan due from the Aden Settlement Fund. I enclose a copy of the correspondence on this matter.

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* No. 203. † No. 200. ‡ Enclosure in 78128/36 [No. 21]: not printed.

3. Except for this circumstance, the Government of India would have pressed strongly for the summary settlement proposed in paragraph 15 of the memorandum accompanying my letter, dated the 7th May, 1936*, so as to save the meticulous accounting otherwise necessary. Even now the Government of India would suggest to the Secretary of State that he should request the Colonial Office to reconsider the matter. In view of the fact that the Government of India are prepared summarily to hand over the civil property, other than the assets of the Posts and Telegraphs Department, free, and that the sum of money involved either way must be relatively inconsiderable, the Government of India consider that it will not be worth while undertaking the accounting investigation. The relevant figures as on 31st March, 1937, will not in any event be available until the end of the calendar year. However, I am to offer the following observations on points arising out of the letter from the Colonial Office.

4. The Government of India await any suggestions which the Colonial Office may have to make in regard to future pensions arising out of service in Aden, in regard to which, however, I am to draw attention to item (*b*) in paragraph 11 of the memorandum and what is stated about that item in that paragraph.

5. In regard to paragraph 3 of the letter from the Colonial Office, I am to explain that the initial block account of the Posts and Telegraphs Department as on 1st April, 1925, was arrived at by taking the depreciated value of all assets (except land) on that date. From that time depreciation has been regularly provided, up to the year 1933–34 on a sinking fund basis and thereafter on a straight line plan. Up to the year 1930–31 the Posts and Telegraphs Department had no assets in Aden other than buildings. The life of such buildings up to 1933–34 was assumed to be 75 years and thereafter 100 years. The Rs.·19 figure represents the net (i.e., after meeting replacements) accretion to the depreciation fund up to 31st March, 1935. The Government of India have no reason to believe that their depreciation rates have been on the low side. In fact, the general evidence is to the contrary. These are the values at which these assets and liabilities enter the commercialized public accounts of the Posts and Telegraphs Department and they are believed by the Government of India to be reasonable.

6. The point raised in paragraph 13 of the original memorandum may be taken as arising only in the Posts and Telegraphs Department. In any event, it is not likely to be one of any moment. The matter is being referred to the India Office separately by the Department of Industries and Labour and the decision arrived at in that correspondence can, if necessary, be taken into account in the final calculations, which would be done as on 31st March, 1937.

I have, &c.,

J. C. NIXON,

Secretary to the Government of India.

THE ACTING CHIEF COMMISSIONER, ADEN, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT.

(No. 6011.) 15th August, 1936.

Aden Settlement Loan of ten lakhs—repayment of the outstanding balance of five lakhs.

I have the honour to refer to the correspondence ending with your department letter, No. D/9474-F, dated the 11th December, 1933, and to forward a copy of a letter, No. 5478, dated the 8th August, 1936, from the Chairman, Aden Settlement, in which he has offered to repay, in the manner indicated, the outstanding balance of rupees five lakhs towards the liquidation of the loan of ten lakhs granted for the Aden Electric Supply.

2. I recommend that the Government of India be moved to accord sanction to the repayment of the outstanding balance of the loan as proposed. I also request that their sanction be obtained to the sale by the Aden Settlement at current market price of the Government Securities of the face value of Rs.62,700/- purchased by the Electricity Depatrment under the "Sinking Fund," the amount realized being utilized to make up the instalment.

THE ACTING CHAIRMAN, ADEN SETTLEMENT, TO THE SECRETARY TO THE GOVERNMENT OF INDIA.

(No. 5478.) 8th August, 1936.

Aden Settlement Loan of ten lakhs—repayment of the outstanding balance of five lakhs.

With reference to the correspondence ending with your endorsement, No. 29, dated 5th January, 1934, forwarding a copy of Government of India letter, No. D/9474-/F, dated 11th December, 1933, sanctioning the repayment of a further sum of Rs.2 lakhs by the Aden

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* No. 198.

Settlement Fund from the outstanding balance of the Electricity Loan of Rs.10 lakhs, I have the honour to request that the Government of India may be approached for sanction to the repayment of the outstanding balance of the loan of Rs.5 lakhs.

This amount will be met as follows:—

	Rs.
(1) By sale of all " Sinking Fund " Government Securities of the total face value of Rs.62,700/- and " Sinking Fund " Banking account of the Electricity Department	63,384
(2) By amount to be paid from current account of the Electricity Department:—	
(*a*) Sinking Fund instalment for 1936	57,210
(*b*) Reserve Fund instalment for 1936	30,000
(*c*) Extra amount to be taken from current account	49,406
(3) By an amount to be borrowed from Aden Settlement Fund on an interest of 4½ per cent per annum which will be repaid as funds accrue	300,000
Total	Rs.500,000

If repayment of the balance of the loan is approved it is requested that the sanction of Government may be obtained to sell the Government securities purchased by the Electricity Department under the " Sinking Fund Account " of the face value of Rs.62,700 at current market prices for repayment of the outstanding balance of the Government loan.

THE ASSISTANT SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, TO THE CHIEF COMMISSIONER, ADEN.

Repayment of the outstanding balance of the Aden Settlement Loan.

(D/6322-F.) 3rd September, 1936.

In reply to your letter, No. 6011, dated the 15th August, 1936, on the subject indicated above, I am directed to convey sanction of the Government of India to the repayment of the loan in question in the manner suggested by you. Sanction is also accorded to the sale of Government securities of the face value Rs.62,700 lying in the sinking fund for repayment of the loan.

78114/36 [No. 8]. No. 207.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 10.37 a.m., 9th December, 1936.)

TELEGRAM.

No. 33. Your telegram of the 24th November, No. 102* regarding the future audit of Aden accounts.

Both Aden Port Trust and Aden Settlement have agreed to the proposal contained in your despatch of the 7th October, 1936, No. 311† and also to the proposed allocation of cost.

My despatch regarding Audit staff will be sent by mail of 9th December.

78128/36 [No. 28]. No. 208.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No. 211.*]

SIR, Downing Street, S.W.1, 10th December, 1936.

I am directed by Mr. Secretary Ormsby Gore to refer to Treasury letter S.39341 of 22nd July, 1936‡, concurring in the terms of a draft letter which it was proposed to address to the India Office relative to the financial adjustment between His Majesty's Government and the Government of India on the separation of Aden from British India and to transmit to you to be laid before the Lords Commissioners of the Treasury, a copy of the reply§ received from that Department containing the observations of the Government of India upon the suggestions regarding the lines on which the settlement should be effected.

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* 78114/36 [No. 7]: not printed. † No. 204. ‡ 78128/36 [No. 12]: not printed. § No. 206.

2. Their Lordships will observe that the Government of India still suggests that the adjustment should be settled on a " no payment " basis and that the India Office now ask whether the Secretary of State is prepared to concur in the Government of India's view.

3. In this connexion I am to observe that, if the condition of Aden finances as at 31st March, 1937, approximates to the position as at 31st March, 1935, as set out in the memorandum prepared by the Finance Department, Government of India, a copy of which has already been furnished to the Treasury, the Secretary of State would be prepared to accept the Government of India's proposal in preference to requiring a settlement on the basis of ascertained figures. I am, however, to state that since the correspondence referred to above the Government of India has received repayment of the outstanding balance of the Electricity Loan of Rs.10 lakhs—which was included in the proposed settlement as a credit of Rs.5 lakhs under the item Aden Settlement Fund Debt. In these circumstances the Secretary of State proposes, subject to Their Lordships concurrence, to inform the Secretary of State for India that the settlement on the basis proposed will be subject to the transfer of the Rs.5 lakhs back to Aden.

4. The question of the probable cash position of Aden has recently been discussed between officers of the Colonial Office and Mr. Muchmore, recently appointed as Finance Officer, Aden, and I am to enclose a statement of the cash assets and liabilities which has been prepared to show the probable position as at 1st April, 1937, on the assumption that although some variation may have occurred in the details at that date the final position will be approximately the same as that on 31st March, 1935. From this statement Their Lordships will observe that the estimated position discloses an excess of liabilities over assets amounting to approximately Rs.3·42 lakhs. It will be appreciated that the statement referred to above as setting out the financial adjustment between Aden and the Government of India as proposed on a " no payment " basis included among the assets which were to be transferred to Aden certain non-liquid assets, viz., Post Office Buildings and the Aden telephone exchange, which were valued at Rs.2·93 lakhs.

5. An analysis of the position indicates that certain sums included in the statement referred to above as liabilities of Aden will require to be made available in cash at an early date in the new Colony's financial year. Under the proposed new legislation for Aden, and in accordance with the normal Colonial practice, the Savings Bank Deposits, Post Office Provident Fund Deposits, and the balance of the General Provident Fund, including the Indian Civil Service Provident Fund (Sterling Branch), will have to be made available for investment; the balance of these funds are shown in the statement of the proposed financial adjustment as Rs.4·48 lakhs, Rs.15 lakhs, Rs.1·19 lakhs and Rs.9,219 respectively. In addition a sum of Rs.3·53 lakhs is included in respect of the Kameran Quarantine Station Fund.

6. Against these liabilities there will be available Rs.5 lakhs, referred to in paragraph 3 above, and approximately Rs.1·50 lakhs in cash, that amount being stated to be the normal cash balance at Aden in addition to the Rs.·19 lakhs cash in the hands of Postmasters. In these circumstances it will become essential for Aden to acquire funds from some source outside itself in order that the balance of the several funds indicated in paragraph 5 above may be invested.

7. The Secretary of State considers it desirable that the new Colony of Aden should not start with the initial handicap of having to find these balances on terms which are likely to prove onerous in the early stages of its development, and I am accordingly to suggest for the favourable consideration of the Lords Commissioners of the Treasury that assistance should be given by His Majesty's Government in providing the necessary funds either by way of a grant, or a loan free of interest repayable on terms to be prescribed by the Treasury in due course. The balance of cash required to be made available may be taken at approximately Rs.3 lakhs or, say, £22,500, a sum roughly equivalent to the non-liquid assets specified above, and I am to ask that Their Lordships may be moved to agree to the provision of this amount under a new Subhead to be opened in the Vote for Colonial and Middle Eastern Services in 1937 as a grant or loan in aid of the Colony of Aden; this amount should, however, be regarded as distinct from any assistance which the new Colony may require after the receipt and consideration of the local Estimates for 1937.

I am, &c.,

H. R. COWELL.

Enclosure in No. 208.

ADEN COLONY.

Statement of Assets and Liabilities

(based on Memorandum by Government of India).

Liabilities	Rs.	*Assets*	Rs.
(1) In respect of which cash is required for investment :—		(1) *Cash*	
(*a*) Provident Funds		In hand	1,50,007
General	1,18,963	To be handed back to Aden by Government of India in connection with Aden Settlement Fund Debt ..	5,00,000
I.C.S.	9,219	In hands of postmasters ..	19,000
Posts and Telegraphs..	15,000		
(*b*) Savings Bank Deposits	4,48,000		
	5,91,182		
(2) Which may mature in near future :—			
Kameran Quarantine Station	3,53,322		
	Rs.9,44,504		Rs.6,69,007
		Balance C/forward	2,75,497
	Rs.9,44,504		Rs.9,44,504
Balance B/forward	2,75,497		
(3) *Other Liabilities*		(2) *Other Assets*	
Cemetery Endowment Fund..	7,586	Housebuilding, motor car, and passage advances	8,210
Revenue deposits	17,519	Sundry items	1,380
Kameran Civil Administration	25,856		
P.W. Deposits and Remittances	24,586	*Excess of Liabilities over Assets*	
Miscellaneous	1,058	Settled by India by transfer of Post Office buildings .. 2,93,000	
		Waiving of Aden's pension liabilities, etc. 49,512	
			3,42,512
	Rs.3,52,102		Rs.3,52,103

78128/36 [No. 29].

No. 209.

MR. A. Y. SMELLIE (AIR MINISTRY)

to

MR. H. PALMER (COLONIAL OFFICE).

[*Answered by No. 214.*]

DEAR PALMER, Air Ministry, Kingsway, W.C.2, 10th December, 1936.

Many thanks for sending us a copy of Mr. Cowell's demi-official letter of October, 1936*, to Mr. Turner (India Office) on the subject of the provision of funds at Aden.

We have been considering the position and according to information we have now received it would seem that in the past local revenues accruing to the Aden Treasury have had to be supplemented by some 50 lakhs of rupees a year by transfer of funds from India. Of this, the R.A.F., which covers also the requirements of the Army in Aden and the Aden Levies, would normally absorb something under 20 lakhs, so that it rather looks as if the Finance Officer appointed by the Crown Agents will need to be provided with additional funds for his own purposes whether he supplies the R.A.F. or not.

It seems to us at the Air Ministry that, when two Exchequer departments need local currency within the same overseas locality, one department should undertake to supply the needs of both.

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* 78128/36 [No. 26]: not printed.

By dealing in the larger sums the one department sometimes finds it possible to secure more favourable terms, quite apart from the fact that the single transaction closes the door against any comparison between departments, leading to possible criticism of one of them, in connexion with operations in exchange in the same currency.

Ordinarily the department having the greater local requirement would provide also for the smaller needs, financial adjustment in regard to transfers between the local accountants being made in sterling between the two parent departments in London at the same rate as it costs the supplying department to provide the local currency.

Under such an agreement it would seem probable that the Finance Officer's needs would be greater than the R.A.F.'s and that it would fall upon the Crown Agents to make the arrangements for providing the funds at Aden for both; and it may possibly be better from a political point of view that the R.A.F. should draw from the civil administration than the other way round. Actually we do not mind which way it falls so long as the provision of funds at the expense of the British Exchequer is centralized.

Possibly you have not yet received a report from the Finance Officer on the subject, but I thought it might help in the consideration of that report if you had an expression of our views. Perhaps you will be good enough to let me know, as soon as you are in a position to do so, whether separate action in regard to providing funds at Aden can be avoided.

Yours, &c.,

A. Y. SMELLIE.

78128/36 [No. 31]. No. 210.

MR. H. R. COWELL (COLONIAL OFFICE)

to

SIR BERNARD REILLY (GOVERNOR).

MY DEAR REILLY, Downing Street, S.W.1, 12th January, 1937.

I enclose a copy of semi-official correspondence* regarding the arrangements for financing the Air Force in Aden after the 31st March next. We shall be grateful if this question may be considered on Mr. Muchmore's arrival and a recommendation made as soon as possible.

I also enclose a copy of a letter from the Air Ministry†, which appears to me to be based on erroneous assumptions. I have no reason to suppose that the Crown Agents will have any large balance of payments to make in Aden. They will have to make certain payments in London, for stores, leave salaries, and the like; and the total may or may not exceed the amount of the contributions from the Treasury towards Aden revenue. It will be for Muchmore to advise whether the balance of payments, one way or the other, is of sufficient importance to justify any special arrangement for pooling remittances with the Air Ministry.

Yours, &c.,

H. R. COWELL.

78128/37 [No. 1]. No. 211.

TREASURY

to

COLONIAL OFFICE.

(S.39341.)

SIR, Treasury Chambers, 18th January, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 10th December‡ relative to the financial adjustment between His Majesty's Government and the Government of India on the separation of Aden from British India and the cash position of Aden after the transfer and I am to request you to convey to Mr. Secretary Ormsby Gore the following reply.

2. As regards the financial adjustment with India, My Lords agree that the Secretary of State for India should be informed that a settlement on a "no payment" basis, in preference to a cash adjustment on the basis of ascertained figures, would be

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* Nos. 203 and 205. † No. 209. ‡ No. 208.

acceptable subject to the transfer back to Aden of Rs.5 lakhs, representing the outstanding balance of the Electricity Loan which has been refunded from the Aden Settlement Fund since a settlement on a " no payment " basis was originally proposed by the Government of India.

3. As regards the cash position, it appears that there will be an excess of liabilities over assets of approximately Rs.3.42 lakhs on the assumptions (1) that a settlement is arrived at on the above basis, (2) that the amounts of the various items as at the 31st March, 1937, do not differ materially from the amounts as at the 31st March, 1935, and (3) that the Kamaran Quarantine Station is transferred to the new Colony of Aden. The liabilities to be transferred include Savings Bank Deposits and certain other similar liabilities against which investments would be held in accordance with normal Colonial practice, amounting to approximately Rs.5.91 lakhs, and the Kamaran Quarantine Station Fund amounting to approximately Rs.3.53 lakhs. On the assets side, the sum transferred in cash will be about R.6.69 lakhs. It follows that until further cash becomes available investments cannot be held against the liabilities referred to amounting in all to approximately Rs.9.44 lakhs. The Secretary of State accordingly proposes that the sum of £22,500 should be provided in the 1937 Estimate for Colonial and Middle Eastern Services either as a grant or as a loan free of interest to the new Colony.

4. My Lords agree in principle that investments should be held in accordance with normal Colonial practice against the Savings Bank Deposits and similar liabilities. They also agree that, if it is decided to transfer the Kamaran Quarantine Station, it will be necessary to consider whether investments should not in due course be held against the Kamaran Quarantine Station Fund, particularly as there appears to be an obligation upon the Government holding the Fund to credit interest thereto at the rate of 5 per cent.

5. While, however, My Lords agree in principle as to the desirability of holding investments against liabilities of the nature in question, They do not think it necessary to take immediate action. Even in the case of the Savings Bank and similar funds, They consider that investment might be deferred until the Treasurer has been able to investigate the position on the spot and is satisfied, for example, that the Savings Bank is on a proper accounting basis in accordance with the recommendations of the Committee on Colonial Savings Banks. In the case of the Kamaran Quarantine Station Fund, the only liability upon the Fund appears to be to meet deficits on the working of the Quarantine Station, and the provision of cash against this liability does not therefore appear to Them to be a matter of urgency.

6. In so far as the case for a loan in aid rests upon the position in regard to the Kamaran Quarantine Station Fund (assuming a decision to transfer the station to the Colony), My Lords feel some doubt on present information as to the justification for inviting Parliament to vote money for this object, at any rate unless the liability were actually to mature. In any case, if a loan in aid were to be provided in the 1937 Estimates, such a loan would in Their Lordships' view have to be on terms to be prescribed both as regards interest and repayment, since They could only waive a charge for interest after it had been shown that the revenues of Aden were unable to meet such a charge. But, as indicated above, They do not think that there is any immediate need for Aden to borrow either from the Exchequer or from other sources. If the budget of the new Colony in the event produces a surplus, that surplus can be appropriately set aside towards the purchase of the necessary investments. If, however, the out-turn is less favourable, the position can be reconsidered.

7. My Lords understand that if it were decided to transfer to Aden the Kamaran Quarantine Station, a new agreement would have to be made with the Netherlands Government. This would afford an opportunity for reviewing Article 9 of the existing Agreement, which provides that any surplus on the working of the Station credited to the Kamaran Quarantine Station Fund shall bear compound interest at 5 per cent. The wording of the Article is obscure, but appears to place on the Government administering the station a liability to provide the interest. In Their Lordships' view, such an arrangement is inequitable, since it is impossible in present monetary conditions so to invest the balance of the Fund as to produce a yield of 5 per cent. They would suggest that the first proposal made to the Netherlands Government should be that the charge of interest should cease, but if the Netherlands Government are unwilling to agree to this, it should at least be provided that the accumulated surplus and future surpluses should be credited to a properly constituted Fund to be invested in a manner to be prescribed in the Agreement, and that the liability to credit interest should be limited to the amount actually earned by the investments held.

I am, &c.,

R. V. NIND HOPKINS.

78114/37 [No. 9].

No. 212.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

MY DEAR BLAXTER, India Office, S.W.1, 9th February, 1937.

I enclose for the information of the Colonial Office copy of a letter from the Government of India regarding the accounting system of the Aden Settlement.

You will observe that no radical reorganization of the accounting system has been undertaken pending transfer. No doubt the Colonial Audit authorities will work out with the local authorities the lines on which the reorganization should be carried out.

Yours, &c.,

M. J. CLAUSON.

Enclosure in No. 212.

Foreign and Political Department, New Delhi,

DEAR CLAUSON, 14th January, 1937.

Local Audit of the accounts of the Aden Settlement Fund for the year 1934–35.

I am desired to forward a copy of the communications cited below*.

2. It may be explained that this is the first occasion on which a copy of an audit note on the accounts of the Aden Settlement fund has been laid before the Government of India who have had therefore no previous opportunity of appraising the standards of administration of the Fund in question. As the Audit Note revealed an unsatisfactory state of affairs, and suggested a certain laxity of administrative control in many parts of the field covered under the Aden Settlement Regulation, 1900, the Chief Commissioner, Aden, was asked in April last to set matters right before the impending transfer of control of the Aden Settlement to the Colonial Office. The Chief Commissioner replied that the Aden Settlement Executive Committee had recognized the necessity of reorganizing the accounting system of the various departments of the Aden Settlement with the help of a qualified and experienced Accounts Officer. The Chief Commissioner accordingly asked for the loan of an Accounts Officer from India in May, 1936. This request has been carefully considered but it seems preferable not to send any Accounts Officer on foreign service to Aden at this stage and that it will be more suitable for the new audit authority that will assume responsibility after separation to settle such general questions of accounts organizations. The Government of India are informing you of the circumstances in order that the Colonial Office may be apprised of them, if so desired.

Yours, &c.,

W. R. HAY.

M. J. Clauson, Esq.,
India Office, London.

Audit Note on the Accounts of the Aden Settlement Fund for the year 1934–35.

To

The Chairman,
Aden Settlement Fund,
Aden.

Office of the Accountant-General, Bombay,
28th February, 1936.

The local audit of the accounts of the Aden Settlement Fund for the year 1934–35 was carried out between the 15th October and 26th November 1935. The accounts for the months of January 1934, July 1934, November 1934 and March 1935 were selected for detailed audit. The following remarks are offered for the information and necessary orders of the Executive Committee.

The Audit revealed a very unsatisfactory state of affairs so far as the maintenance of accounts is concerned. It has not been possible to bring out in this report the minor irregularities noticed in the detailed working of the accounting system but the major defects as pointed out in the subsequent paragraphs would indicate that the accounting machinery requires complete overhauling and reorganization.

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* Audit note by the Accountant-General, Bombay, on the accounts of the Aden Settlement Fund for the year 1934–35, No. O.A.220/1525, dated the 28th February, 1936.
Memorandum from the Chairman, Aden Settlement, to the Accountant-General, Bombay, No. 3658, dated 25th May, 1936.

Part I.

Administration.

(A) *Revision of Byelaws framed under Section 17 of the Aden Settlement Regulations, 1900.*

The present byelaws of the Settlement were last revised in 1920; and though certain additions and alterations have been made in respect of some of them, the conditions and circumstances in the Settlement have changed considerably since then, a general revision of the byelaws seems desirable. A cursory survey of the present byelaws leaves the impression that the Chairman has been burdened with much routine work, of which he could with advantage be relieved to enable him to direct his attention to the more important affairs of the Settlement. The byelaws relating to accounting procedure need to be amended to comply with the changes made in the system of accounting. A few of the instances warranting revision are detailed in the objection statement* (item 50).

(B) *Budget Estimates of the Aden Settlement.*

A general scrutiny of the system of budgetting for the receipts and expenditure of the Settlement reveals that certain changes could be effected in the system which would make the budget the important instrument of financial control that it is intended to be. At present, it is not possible to compare even roughly the receipts and expenditure of certain trading and public utility departments on account of the distribution of details under various major and/or minor heads are opened for the principal items, it would be possible to ascertain at a glance what departments are being worked at a loss and what at a profit. Such comparison of departmental estimates could form the subject of a note for the consideration of the Committee, and would enable them to locate unprofitable activities of the Settlement with a view to revision of rates, and check of expenditure. The Estimates also indicate a tendency to err on the supposed safe side by providing liberally for expenditure. No attempt seems to be made to scrutinize critically estimates of expenditure, but past provisions are merely repeated, with additions wherever necessary. The provision for " repairs " under the various major heads is an instance.

The estimates could also be made more informative if actuals for the nine months of the preceding year were shown with the revised estimates of the same year. (This should not be very difficult as the Estimates are submitted to the Committee in February every year and the figures to end of December would be easily available.)

Another suggestion to increase the usefulness of the Budget Estimates would be to submit a monthly report to the Committee showing the progress of expenditure against estimates. This would bring home the responsibility involved to those concerned, and would act as a sort of moral drag on expenditure which at the moment may not be urgent.

The Chairman's note on the Budget Estimates could with advantage deal with the following points:—

(i) Comparison between Budgets and actual results.

(ii) Details of investigations carried out when variations from Budget occur.

(C) *Preparation and Publication of the Annual Accounts of the Settlement.*

Rules 21 and 22 of the Aden Settlement Rules require that the annual accounts should be passed by the Executive Committee and published in such manner as the Resident may direct. From the wording of the Regulations it would appear that a consolidated account for the year as a whole has to be prepared and audited before being passed by the Executive Committee. It is understood that no such account has ever been prepared or submitted to Audit though a summary of the Capital and Revenue Account is published in the Administration Report for Aden. This Summary however is not placed before Audit and it is not possible to say whether it is in accordance with the books.

The present procedure does not seem to comply with the provisions of the Act, and it is for consideration whether the following accounts should not be prepared in future:

(*a*) A Revenue Account.

(*b*) A Capital Account.

(*c*) A Balance Sheet.

(*d*) Statement of Loans.

(*e*) Statistical Returns.

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* Not printed.

(D) *Register of Securities.*

Mr. Shapurji, the late Accountant, furnished security to the extent of Rs.5,000/- as under—

Rs.1,600 Personal Security.

,, 1,000 Postal Cash Certificates.

,, 2,400 Fixed Deposit in the National Bank.

The amount was paid into a bank as a fixed deposit in 1931. In the register there was no indication to show that the amount still remained in fixed deposit. Accordingly a certificate from the bank was called for. It appeared from the bank's reply that the amount still remained in the bank but was standing in the name of Mr. Shapurji. Though the fixed deposit receipt is in the possession of the Executive Committee it is doubtful whether the amount could not be withdrawn by Mr. Shapurji without the knowledge and consent of the Executive Committee. The legal position in the matter requires settlement.

(E) *Register of Receipt Books.*

No stock account is maintained of receipt books. The necessity for such an account as an important measure against the misuse of receipts is obvious.

(F) *Register of Dead Stock.*

No register is maintained to record the furniture, fittings, etc. belonging to the Settlement.

(G) *Financial irregularities alleged to have been committed by the Senior Assistant Engineer.*

In their resolution No. 181, dated 30th July, 1935, the Executive Committee called for an explanation from the Senior Assistant Engineer for certain financial irregularities. The matter was pursued in audit and during the local inspection a statement was shown to audit specifying the nature of irregularities committed. The matter was not however finally decided by the Executive Committee, and it was therefore not possible for audit to assess the loss sustained by the Settlement.

(H) *Collection of taxes by the Officers of the Settlement not duly authorized by Section 17(1).*

(i) The Warrant Officer, and (ii) the P.W.D. Rent Collector, are not authorized to receive cash and grant receipts (*vide* Byelaws 17–23, Chapter 2 of the Aden Settlement Byelaws). Byelaws should be amended to include these officers in the list if it is desired that they should continue to receive cash and grant receipts for the same.

(I) *Investment Register.*

The certificate of holding of Rs.1,25,000/- in 3½ per cent War Stock by a London bank was not produced and was stated to be in the Court. It was thus not possible to verify the existence of this investment. The certificate when received back may please be sent to this office for scrutiny and return.

(J) *Obstruction fees.*

The rates actually charged as fees for obstructing public places were in many cases lower than the minimum of Rs.24/- fixed by rule 134 of the Aden Settlement Rules. If, as is stated in reply, the rigid application of the rule involves hardship, it is suggested that the " Schedule of rates " should be revised with the sanction of the competent authority.

(K) *Register of Advances.*

(i) *Budget Head V2—Suspense 1935–36*:—Though a register is in use there was no indication that the clearances of the outstandings are being regularly watched. The accounting arrangement again appears to be defective. These advances are treated as final expenditure in the year in which they are incurred and treated as a miscellaneous receipt when recovered. The correct method would be to show them as advances outstanding and carry them forward from year to year till they are finally cleared. The defect in treating these advances as final expenditure lies in the fact that sometime expenditure is incurred without proper sanction and charged in the first instance as advance but subsequently debited against revenues as such without transferring the amount to its proper head. Incidentally it was noticed that on 15th May, 1935, a sum of Rs.1,362/- paid to Messrs. Cowasji Dinshaw & Bros. towards the purchase of cotton and woollen flags has been placed in the first instance in the advance head and will be subsequently debited against the revenues of the year. No sanction for this purchase could be quoted. In reply to the objection it has been stated that the then Senior Assistant Engineer, Public Works Department, has been asked to explain. The explanation is awaited.

(ii) *Irregular grant of Motor Car Advance to Mr. H. M. Browne, Veterinary Inspector*:—Under Committee's Resolution 252 of 1934-35 an advance of Rs.1,200/- to Mr. Browne for purchase of a motor car was sanctioned and paid to him in February 1935. Mr. Browne is a Government servant drawing pay and allowances from Government, the Aden Settlement only contributing a moiety towards his pay and allowances. The advance paid to him is inadmissible as he is neither a Settlement servant nor a Government servant in foreign service. The rule quoted in support, viz., the concluding paragraph of Note 5, Article 156, Civil Account Code, Volume I, in reply to the objection, does not cover the case. The balance outstanding together with interest due should therefore be recovered from him and credited to the Settlement Fund.

(L) *Deposit Register.*

10 per cent deposit for sale of land:—A list of the persons who have deposited 10 per cent as security in connexion with certain sales of land—*vide* item 5 of the accompanying objection statement—is being carried forward from year to year over a long period. The register is not properly maintained and no attempt, it appears, has ever been made to reconcile the Deposit Register. As there are outstandings from 1920 onward and as this register is not being properly maintained it was not possible for Audit to verify the corrections of the balances.

(M) *Capital Block Register.*

The register is incomplete in many respects. Abandonments and disposals are not noted in it, nor were there any entries after 1928. As such, this register does not serve any useful purposes. A proper register with history sheets of all assets should be maintained and verified once a year.

(N) *Register of Leases.*

It was noticed that the register does not show many important details, without which it is not possible to say with accuracy that all dues have been recovered. It is desirable that the register should be revised and written up properly.

(O) *Documents not produced for audit.*

(1) Expenditure Voucher, dated 28.11.1934.
(2) (*a*) Crater Market Receipt Books for January, 1934;
(*b*) Receipt Book for sale of fish for November 1934 (1st to 22nd November, 1934).
(3) Registration Sheets (detailed at item 20 of the objection statement).
(4) Daily statement of water receipts and issues submitted by the Water Clerk Tawahi.
(5) Water and Drainage Department Expenditure Vouchers, dated 16.7.1934 and 15.10.1934.
(6) Register of Sale of Water Ticket Books.
(7) Chalan Book.
(8) Register of Printing of Water Ticket Books.
(9) Daily reports of Water Clerks—1934-35.
(10) Register of Destruction of Water Tickets.

(P) *Establishment Roll.*

No scale register is maintained, but paybills are copied from one bill to the next without even the preparation of a memo. of differences to reconcile the difference between the last and the current month.

Preparation of paybills and obtaining of acquittances also appeared to be defective. In the paybill deductions for house rent are not shown though the amount actually paid to persons is the net sum after the deduction of house rent and the party concerned gives the acquittance for the gross amount.

Part II.

Public Works Department.

(A) *Estimates.*

(i) *Inaccurate estimating*:—It was noticed that in many instances no notice was taken in framing estimates, of the old materials obtained from demolished or partly demolished buildings or roads, with the result that in certain cases large savings were exhibited over the estimated cost. Unless the materials obtained from old and replaced assets are taken into account the estimate becomes a meaningless formality from the point of view of control over expenditure.

(ii) *Commencement of work before sanction of estimates*:—A tendency was noticed to put works in hand before estimates have been prepared and sanctioned. Instances will be found at item 39 of the objection statement. In the case of one major work (item 41 of the objection statement) the original estimate which was sanctioned by the Executive Committee was set aside and a revised estimate prepared by the department concerned and work carried out according to the revised estimate. No sanction for this revised estimate was however obtained and in reply to an objection it is stated that necessary sanction will now be obtained. This shows a disregard of the Settlement Rules in Chapter XIX.

(B) *Works Register.*

(i) The works register does not show expenditure under the Sanctioned sub-heads of the estimate concerned. In the absence of such particulars it is not understood how the expenditure on any particular item of work is either watched or controlled.

(ii) All items of works, whether repairs or of a capital nature, are not completely recorded in the Works Ledger as will be seen from item 37 of the objection statement. As soon as the expenditure on a work approximates to the estimated amount, all further expenditure on the same work is omitted to be entered in the account concerned. This seems to be a deliberate attempt to keep expenditure within the sanctioned estimate.

(iii) The references to vouchers were in many cases incomplete. Pencil writing and overwriting without any apparent reasons were noticed in many cases.

(C) *Completion Reports.*

The total cost of works, as arrived at and intimated to the Committee through completion reports, is not always accurate (*see* objections regarding excesses at item Nos. 38 and 40 of the objection statement).

(D) *Reconciliation between expenditure as booked in the Works Ledger and the Expenditure Ledger of the Accounts Branch.*

The total expenditure booked in the Works Ledger against the respective budget heads is not being agreed with the total booked under these heads in the Expenditure Ledger of the Accounts Branch. At present there is no check in the Public Works Department of their progress of expenditure under each head. There is thus the danger of estimates being sanctioned without provision being available or the amount allotted in the budget being insufficient for the works already sanctioned.

(E) *Measurement Books.*

(i) Measurement Books are not maintained for recording measurements of work done either departmentally or by contract agreements.

(ii) Measurement Books, however, are in use in connexion with stores received for a particular work. Even in these cases it appears that the details are only copied in the Measurement Books from bills of the contractors.

(F) A gang of coolies is sanctioned at the beginning of every year for doing petty patching work in the different roads of the Settlement. Besides the work done by these coolies, other works are also executed in the repairing of roads which include patching work, etc. As this system of employing a gang for a whole year may lend itself to abuse it is for consideration whether the same efficiency could not be achieved by employing coolies as and when required, the expenditure on their wages being debited to the particular work concerned.

(G) *Sanitary Works Ledger.*

(i) All works of the Sanitary Department are not included in this Ledger. Some are included in the other works ledger.

(ii) The details of expenditure incurred against the different items of work in this Ledger are not available. Only the total expenditure on works is given. In the absence of details it was not possible to verify the accuracy of the amount so entered.

(iii) References have also not been given in all cases to voucher numbers and date leading up to the total expenditure against each item of work.

(iv) Job Sheet, or Works Register with sanctioned sub-heads showing the details of expenditure, is not maintained.

(H) *Shaikh Othman Division.*

(i) The register of works was not maintained properly. The entries were all in pencil without proper detail and it was not possible to subject this register to audit checks. The register does not seem to have been written up from 1931.

(ii) No estimates for works under Rs.1,000/- are prepared nor completion certificates for such works recorded.

(I) *Register of work done for private individuals.*

(i) The register is not properly maintained as will be apparent from the following:—

Balance on 1st April, 1934	Rs.505- 0- 2
Work done during 1934-35	1,837- 9-11
	2,342-10- 1
Recoveries during 1934-35 as per Cash Department ...	2,574- 5- 0
	(-) 231-14-11

resulting in a minus balance of Rs.231/14/11 without taking into account the outstanding on 1st April, 1935, which is obviously impossible.

(ii) The outstandings on 1st April, 1933, and 1st April, 1934, were very heavy (Rs.3,711/1/4 and Rs.1,316/12/4), which shows that speedy action was not taken for the recovery of these dues.

(iii) The outstandings included amounts relating to 1926-27 onwards. An amount of Rs.1,499/12/3 was written off in 1933-34, details whereof were not available.

(iv) Under Committee's Resolution 656, an amount of Rs.524/5/- was sanctioned to be written off, this amount being composed of a number of small items. The actual amounts written off do not however agree with these, as will be seen below:—

Year.	*Amount as per statement submitted to the Committee.*	*Amount actually written off in the register under the Resolution.*
1927-28	Rs.77-13- 0	—
1928-29	179- 3- 0	—
1929-30	82-13- 0	Rs.6- 1- 0
1930-31	175-13- 0	108-10- 0
1931-32	8-11- 0	285- 9- 0
	Rs.524- 5- 0	Rs.400- 4- 0

(J) *Writes-off by the Chairman.*

A list of the amounts representing the cost of work written off by the Chairman will be found at item 33 of the objection statement. The Chairman is empowered to write off supervision charges only, *vide* rule 138 (2). The sanction of the Committee in regularization of these writes off is awaited.

(K) *Non-recovery of supervision charges.*

Works were carried out by the Settlement for the Union Club and the Orient Club at a cost of Rs.1,055/10/6 and Rs.276/6/- respectively without the sanction of the Committee. The supervision charges @ 24½ per cent have been forgone without authority. They may be recovered now and credited to Settlement.

(L) *Work done for the Principal Works and Building Officer (Military Department).*

Works are carried out by the Settlement on behalf of this department, but in lieu of supervision charges which the Settlement is entitled to, an annual contribution of Rs.200/- is received. The authority for the procedure could not be produced. In the absence of such authority the present procedure should be discontinued.

(M) *Embezzlement of Imprest Cash of the Senior Assistant Engineer.*

Suspicion having been aroused that the imprest amount was not being properly accounted for, a surprise examination of the Imprest Cash Book and balance on hand was made on 17th September, 1934. This examination revealed that the cash book was not being regularly written up, nor examined by the Senior Assistant Engineer, and there was a shortage of Rs.160/4/6 in the cash balance on hand.

The clerk in charge admitted having used it for his own private expenses. He was criminally prosecuted and was sentenced to a term of imprisonment by the Court.

No disciplinary action has apparently yet been taken against the Senior Assistant Engineer for his negligence in not verifying the cash every month nor signing the Cash Book which, if done regularly, would have prevented the defalcation.

PART III.

Stores.

(A) *Accounting System.*

The system of accounting in force is defective and requires investigation. The majority of stores purchases is charged direct to works concerned but no " Materials-at-Site " account is maintained. It often happens that materials become surplus to the requirements, but they are not returned to the Stores but used on another work with the result that accounts of both the works show incorrect results.

Rules should, it appears, be framed for the proper regulation of (*a*) ordering, (*b*) issuing and (*c*) accounting of stores, as there seem to be no definite principles for the guidance of officers-in-charge of purchase, custody and issue of stores.

(B) *Loss due to negligence, etc.*

(1) 2,000 Channel pipes received from Messrs. Richardson & Cruddas, Bombay.
130 broken when arrived.

(2) 5,000 Channel pipes received from Messrs. Doulton & Clay.
16 broken.

Although the rates for the pipes purchased as noted in the margin was C.I.F. Aden, the Settlement had to pay for these broken pipes because no attempt was made to recover the value of broken ones from the consignors.

(C) *Page 38 of Stores Register.*

M.S. Axles—5' × 3"—Value Rs.525/-.—These stores were ordered from Bombay and accepted by the Engineer-in-Charge. It was found later, however, that they were unsuitable for the purpose for which they were originally ordered, with the result that they are lying surplus in the stores.

(D) *Agreement of Stores Balance with the Control Account in the Books of the Account Department.*

When stores are purchased they are charged to the Head V2 and recoveries on account of stores to I2. The difference between these two heads should represent the value of stores on hand. No attempt is made to agree the balance in the Control Account in the Accounts Department with the actual balance of stores on hand.

(E) *Verification of Balances.*

The stores are not physically verified even once a year, and though this was commented upon in a previous audit report no action has yet been taken in this respect.

(F) *Sale of Stores, Hire of Roller, etc.*

Bill No. 46, dated 15th August, 1933, Rs.100/-.
Bill No. 132, dated 13th June, 1934, Rs.412/8/-.

These bills represent dues on account of services rendered by the steam road roller to one Ali Mehdi, but have remained unpaid to date. It is to be noted that though the first bill of 1933 remained unpaid, further services were rendered in 1934 to the same person to the extent of over Rs.400/-.

It is stated that attempts are being made to recover these dues from the defaulter by distress warrants. The result is awaited.

(G) No log-book is kept for the roller, etc. The bills are made out on the oral reports of the driver or information from the persons to whom they are lent. The system is defective.

(H) *Store-keeper.*

The Water and Drainage Department carries a small quantity of stores but there is a separate store-keeper for this branch. With a view to achieve economy it is for consideration whether the two posts of store-keepers could not be combined.

PART IV.

Water and Drainage Department.

(A) The Water and Drainage Scheme is an important branch of the Settlement activities. About 10 lacs of rupees have been spent on it, but the accounting arrangement with a view to ascertain whether the scheme is self-supporting is very defective. The present practice is to amalgamate the receipts and expenditure of the Water and the Drainage Department with the Settlement Fund. With a view to secure better control over this branch it is suggested that a separate Capital and Revenue Account should be maintained for this department.

The Capital Expenditure incurred in the construction of the scheme to date should be taken out of the Settlement Fund Capital Expenditure Statement and exhibited separately. Similarly a separate Subsidiary Revenue Account should be prepared and the net result on Revenue Account should be transferred to General Revenue Account of the Settlement Fund.

(B) *Capital Works—Expenditure on Minor Works.*

It was noticed that all expenditure on minor works of a very petty nature is being capitalized. It is suggested that Byelaws should be framed to the effect that all minor works up to a certain definite limit should be charged to revenue of the year in which they are incurred.

(C) *Power to sanction House Connexions.*

(i) In the absence of any rule the Engineer-in-Charge sanctions connexion to house-owners. It is for consideration whether such sanctions should not be placed before the Executive Committee for confirmation.

(ii) In the case of private house-owners a length of 50 feet of pipeline free of charge is allowable according to rules. No report from the Engineering subordinates could be traced where the free allowance had been exceeded. In the absence of any records it was not possible to check whether charges in excess of 50 feet had been recovered in all cases.

(D) *Meter Readings Register.*

This register does not show the quantity of water sold during any given month. It is not possible therefore to agree the total quantity shown as sold in this register with the Demand Register. An important automatic check is thus lost.

This register is copied from the original readings taken by the Inspectors deputed to take the readings from each meter. It seems useless and unnecessary clerical labour as the original book in which the readings are recorded could very well serve the purpose.

(E) *Card Ledgers.*

Apart from the Demand Register, Card Ledgers are maintained for each consumer. The utility of this was not apparent and the clerical labour involved seems to be mere waste.

(F) *Estimate.*

(i) No estimate for repairs or maintenance work is ever framed.

(ii) As in the case of Public Works Department, the surplus materials from one job are used in another without any accounts adjustment.

(iii) In connexion with original works no works register is maintained showing the expenditure on the sub-heads of estimate.

(G) *Sinking Fund Account.*

The Government loan of Rs.4 lakhs was repaid by the Aden Settlement by obtaining a loan of Rs.3 lakhs from the Aden Port Trust and Rs.1 lakh out of its own funds. No loan account and no Sinking Fund Account are maintained. It has been stated in reply that a sum of Rs.30,000/- is being invested in Government Paper to form the first instalment towards the Sinking Fund Account.

The period of the loan is 15 years. An annual contribution for the liquidation of the loan within the period of the loan should be fixed and communicated to audit very early.

(H) *Free supply of water without sanction.*

It was noticed that the Aban Mosque was supplied with 5,920 gallons of water free of charge (*vide* bill No. 94 for November, 1934, and subsequent months). In reply to an objection as to the free supply without authority, it has been stated that the question is being referred for the consideration of a Sub-Committee of the Aden Settlement. The decision reached may please be intimated to this office.

The circumstances in which the free supply was allowed without sanction may also be investigated.

(I) *Charges for consumption of water where meter is not working.*

It was noticed that the general practice of ascertaining the consumption of water for any period during which a meter was not working has been to base the average daily consumption during that period on the consumption recorded by the replaced meter over a part of the month. It is suggested that a more correct basis would be to take the average of three preceding months.

(J) *Fraud in the Water and Drainage Department—Loss of about Rs.23,000/-.*

In October, 1934, large discrepancies were noticed in the number of gallons of water shown as sold by meter readings and the amount credited in respect of these sales. Enquiries were made into the discrepancies and it was accepted that they were due to causes which were " bona-fide " and the matter was allowed to drop.

In February, 1935, these discrepancies again came prominently to notice, whereupon a six-monthly statement was prepared, and it was found that a sum of about two thousand rupees per month was deficient throughout the period.

Aden Settlement supplied water to contractors in return for tickets which were sold to them. These water tickets were sold in books, which were obtainable in the Accounts Department for a sum of money that varied at different periods but was usually nine rupees per book. Each book contained 16 tickets and each ticket had its own number from 1 to 16. In addition each book was also serially numbered, this number appearing on the outside of the book and on each ticket. The books were kept under lock and key and every sale was entered in a Ledger showing the date of the purchase, the serial number of books, the amount paid and the name of the purchaser.

As a sequel to the discovery that the amount of water being issued at the stations was very largely in excess of that accounted for by the sale of tickets, enquiries were instituted and it was found that a large number of forged water tickets had been presented and honoured. It was alleged that 4,100 spurious tickets must have been presented between May, 1933, and February, 1935.

The Head Accountant on whose custody the ticket books remained, and his assistant, were criminally prosecuted for breach of trust. The District Court sentenced them to terms of imprisonment subsequently cancelled by the High Court of Bombay. The fraud was mainly due to the defective system of internal control in the Water and Drainage Department.

There are four Water Filling Stations in Aden each of which is supplied with meters. Briefly speaking the following system should have been in operation:—

(i) As soon as any book was issued from the Accounts Branch, its number should forthwith have been communicated to the Drainage and Water Engineering Office together with the duplicate copy of the challan showing the amount that had been paid in to bank on account of sale of water ticket books.

(ii) The Drainage and Engineering Office should have maintained a Register showing the serial number of books issued as communicated by the Accounts Branch.

(iii) These books before being issued from the Accounts Branch should have been stamped with the seal of the Settlement and initialled with date by the Secretary.

(iv) As soon as water tickets were presented at the filling stations they should have been cancelled in red ink and initialled by the official concerned with date before honouring the tickets.

(v) The cancelled tickets then should have been sorted serially and returned to the Water and Drainage Office.

(vi) Filling Station Officials should have maintained tallies of Settlement carts and all other free carts.

(vii) They should have sent in daily a report showing the total quantity of water issued as vouched for by the water tickets and the free supply tallies.

(viii) On receipt of this daily report the Water and Drainage Department should have written up the " Register of Tickets Issued and Returned."

(ix) Comparisons should have been made of the serial numbers current in the Issue Register with those returned by the various Filling Stations.

(x) Each month, a reconciliation statement should have been prepared showing the receipts and expenditure for the month showing both quantity and money, and the same agreed with the Accounts Department figures.

It will be noticed that had these rules and checks been effectively imposed the disparity between the water issued and the amount of money received therefor would have been detected at the very commencement of the attempt at fraud.

It was noticed that no rules have yet been framed to prevent recurrence of a fraud of the nature described in the previous paragraph.

In this connexion it should be stated that in the Court case that followed the detection of fraud, though no representative from the Audit Department was in the witness box, the District Judge thought fit to pass certain strictures on the failure on the part of the Audit Department to carry out certain necessary checks while auditing the accounts for 1931–32 and 1932–33. This matter is under separate consideration.

Such of the minor objections as could not be settled during the course of audit are embodied in the accompanying objection statement which may kindly be returned in original with the replies duly noted in the column provided for the purpose.

W. R. TENNANT,
Accountant-General.

Settlement Office, Aden, 25th May, 1936.

To

The Accountant-General,
Bombay.

Subject:—Audit objection on the accounts of the Aden Settlement for the year 1934–35.

Memo:—

Reference your Audit Note No. O.A.220/1525, dated 28th February, 1936.

PART I.

Administration.

(A) This will be taken in hand as soon as the overhauling and re-organization of the present system of accounting in the various Departments of Aden Settlement is completed so that the instructions and rulings to be followed will be embodied in the Bye-laws.

(B) The existing procedure for the preparation of the Budget was introduced in 1921–22 by Mr. E. M. Duggan, the then Chairman, Aden Settlement, and copies are sent yearly to the Examiner, Local Fund Account, Bombay, and which naturally might have been scrutinized by him, but since this period no remarks have been received as to any alterations should be made to same nor any suggestion to modify the main structure of the Budget. However, the preparation of the Budget for the year 1937–38 will be made as far as possible in accordance with the lines suggested by the Examiner verbally on his visit to this Office in February, 1936. Meanwhile a specimen copy of the Budget in the proposed form suggested will be prepared and submitted to the Examiner for his approval.

With regard to the suggestion for the submission of monthly report to the Committee showing the progress of expenditure against estimate, this is done but will be modified when the main structure of the Budget will be changed.

Paragraphs (i) and (ii) noted.

(C) This is done and if considered necessary it will be published in the *Aden Gazette*.

The returns suggested to be prepared as per items (*a*) to (*e*) are done and can be inspected at time of Audit.

(D) As the sum of Rs.2,400/- has been refunded to Mr. Shapurji Soorabji, *vide* Executive Committee's Resolution No. 415 dated 4th February, 1936, no further action seems necessary in this respect.

(E) This will be enforced although some of the Departments do maintain some registers as suggested.

(F) This is being done.

(G) This question is being placed before the Committee and the result of their decision will be communicated to you in due course.

(H) This is being done.

(I) The certificate in question is attached.

(J) This question will be submitted to the Executive Committee for consideration.

(K) (i) A copy of the Senior Assistant Engineer's explanation is attached.

(ii) This is being complied with.

(L) Please refer to the reply under item 5 of the Audit objection statement.

(M) This is being done.

(N) It would be appreciated if a suggestion is made with regard to the important details required.

(O) (1) This can be seen at the next local audit.

(2) The receipt books will be produced at the next audit.

(3) Please see remarks against item 20 of the audit objection statement.

(4) to (10) These documents were exhibited in the water case and returned from High Court of Bombay after the departure of the auditors from Aden. However they can be seen at the next local audit.

(P) This is being attended to.

PART II.

Public Works Department.

(A) (i) This will be complied with.

(ii) This will be submitted to the Executive Committee.

(B) (i) Noted. This will be complied with.

(ii) and (iii) Noted. These will be shown in the Works Ledger in future.

(C) The staff concerned will be warned to avoid such occurrence in future.

(D) This will be reconciled monthly with the Account Branch.

(E) (i) and (ii) In future all materials received for works will be measured and recorded in the Measurement Books. Also the works when carried out either by contract or departmentally will be measured and shown in the Measurement Books accordingly.

(F) This practice has been discontinued.

(G) (i) (ii) and (iii) Separate pages will be provided in the Works Ledger for sanitary works when carried out.

(G) (iv) This will be included in the Work Ledger, *vide* reply to (G) (i) above.

(H) (i) The Register of Works is now being maintained properly.

(ii) Estimates for all works below Rs.1,000/- are also now prepared and completion certificates recorded.

(I) (i) to (iv) As the register of the P.W.D. was not properly maintained and no attempts were made to recover these outstanding dues since the year 1926–27, hence these discrepancies occurred, however in order to scrutinize and reconcile the differences with the Head Accountant's advance register, the matter was submitted to the Executive Committee who under their Resolution No. 497 dated 19th March, 1936 (copy enclosed*), have approved that the sum of Rs.194–5–5 be entered as a balance in the advance register maintained by the Head Accountant and the irrecoverable amount of Rs.130–6–3 be written off. The balance as stood on 1st April, 1936, is therefore Rs.166–12–0.

(J) The sanction of the Executive Committee will be obtained with regard to the write off and will be communicated in due course.

(K) The Executive Committee's sanction has been obtained with regard to the exemption of the supervision charges for work done for the Union and Orient Clubs (copy attached).

(L) The annual contribution has been discontinued.

(M) The Senior Assistant Engineer will be asked to furnish the necessary explanation.

PART III.

Stores.

(A) This will be considered.

(B) Action will be taken to avoid such occurrence in future.

(C) This might be utilized, otherwise they will be disposed of by auction.

(D) and (E) This has been complied with.

(F) The sum of Rs.207–10–0 has already been recovered and the balance of Rs.304–13–4 will be recovered through the Court.

(G) A Log Book has been introduced since 1st April, 1936.

(H) The question of the amalgamation of the Public Works and Water and Drainage Departments is under consideration and this question will be considered at the same time.

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* Not printed.

PART IV.

Water and Drainage Department.

(A) Statement showing the actual expenditure and receipt up to 31st March, 1936, together with a statement showing the working cost during 1935–36, is attached.

Separate Capital and Revenue Account for this Department is maintained.

(B) This will be attended to.

(C) (i) This will be considered and a clause added to that effect in the proposed Water and Drainage Rules.

(ii) No remarks are made by the Engineering Upper Subordinates on the applications in respect of lengths of pipes used for giving connexion and the Water and Drainage Engineer is certain that the free allowance of 50 feet has never been exceeded. There are numerous instances where parties have been called upon to provide extra pipe lengths over and above the free allowance of 50 feet.

(D) The Meter Reading Register is maintained on the same lines as the Electricity Department and it is not necessary to show in it the quantity sold which is ascertained by deducting this month's figures from the previous one and checked. The difference is the quantity of water sold and it is shown monthly in the Demand Register and charged for. The books can be checked easily when compared together.

(E) The inspectors (i.e., Meter Readers) have to keep their own books in which they record weekly readings during their rounds and from these books the Meter Reading Register is filled at the end of the month. It is not feasible for the Meter Readers to carry a bulky ledger and enter items neatly in ink on the site.

(E) There is also a copy of those maintained by the Electricity Department. Since the two Registers (1) The Meter Reading Register and (2) The Demand Register are quite enough for ascertaining the quantity of water consumed by each consumer, there seems no necessity for maintaining the Cards, and if approved the practice will be discontinued.

(F) (i) It is not usual in any department to estimate for small repairs and small maintenance work.

(ii) Materials used are charged under the appropriate heads.

(iii) This will be attended to.

(G) A sum of Rs.30,000/- forming the first instalment towards the liquidation of the Port Trust loan of three lakhs has been invested in Government Promissory Notes in December last. A similar sum has been sanctioned in the current year's budget and arrangements will be made to purchase further Government Promissory Notes as soon as possible.

(H) The confirmation of the Executive Committee is being obtained and will be communicated to you in due course.

(I) Chairman's decision dated 22nd January, 1936, in this respect is enclosed.

(J) (i) to (v) The Auditors' recommendations are in force.

(vi) It is suggested to employ requisitions forms which could be checked with the daily report from the filling station.

(vii) This has been done.

(viii) A " Register of tickets issued and Returned " will be maintained in future.

(ix) This will be done.

(x) In force now.

It is to be regretted that previous audits have not produced constructive criticisms in consequence of which the existing system would have been greatly improved.

Several improvements have been made to the system of accounts since April, 1935, as per copies* of orders and circulars marked (*a*) to (N) issued to that effect from time to time are enclosed herewith for information. It is hoped that this will minimise the audit objection in future.

The objection statement is returned herewith duly replied.

M. C. SINCLAIR,

Acting Chairman, Aden Settlement.

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* Not printed.

78128/37 [No. 2]. No. 213.

COLONIAL OFFICE
to
INDIA OFFICE.

[*Answered by Nos. 215 and 216.*]

SIR, Downing Street, S.W.1, 19th February, 1937.

I am directed by Mr. Secretary Ormsby Gore to refer to your letter of the 30th of October* relating to the financial adjustments to be made on the separation of Aden from India, and to request you to inform the Marquess of Zetland that he is prepared to agree in principle to a settlement on a " no payment " basis.

2. I am, however, to point that circumstances have changed since the memorandum by the Government of India (enclosed in their letter to the India Office of the 7th of May, 1936†) was prepared, owing to the repayment of the balance of the electricity loan which was included in the proposed settlement as a credit under the item " Aden Settlement Fund Debt ", and Mr. Ormsby Gore considers that it would be an essential condition of the settlement that the 5 lakhs of rupees involved should be retransferred to Aden.

3. It now seems probable as a result of recent discussions that the control of the Kamaran Quarantine Station Fund and Civil Administration will remain with the Government of India, and in that event an adjustment on this account also will apparently become necessary.

4. Subject to a settlement in respect of these two items, Mr. Ormsby Gore agrees that it is unnecessary to investigate the actual financial position at the date of transfer, and that the general settlement may be made on a " no payment " basis.

I am, &c.,
K. W. BLAXTER.

78128/37 [No. 7]. No. 214.

MR. H. PALMER (COLONIAL OFFICE)
to
MR. A. Y. SMELLIE (AIR MINISTRY).

DEAR SMELLIE, Downing Street, S.W.1, 3rd March, 1937.

Will you please refer to your letters of the 10th December‡ and the 8th February§, on the subject of the provision of funds at Aden?

We have now gone into the question in consultation with the Residency at Aden and find that, as far as the new Colony of Aden is concerned, there is no reason to suppose that the balance of payment would be sufficiently large to justify any special arrangement with the Air Ministry for the remittance of funds from this country.

It may be that the Air Ministry would find it convenient to arrange with the Government of India to draw on the local currency reserve (which at present amounts to Rs.30 lakhs—or £225,000) until it is exhausted, an advantage of this arrangement being that it would obviate the necessity of shipping the money back to India.

Perhaps you will like to consider the desirability of taking up this suggestion with the Treasury and the India Office.

Yours, &c.,
H. PALMER.

78128/37 [No. 16]. No. 215.

INDIA OFFICE
to
COLONIAL OFFICE.

SIR, India Office, London, S.W.1, 30th March, 1937.

With reference to Colonial Office letter of 19th February||, and connected correspondence about the financial adjustments to be made on the separation of Aden

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* No. 206. † No. 198. ‡ No. 209. § 78128/37 [No. 3]: not printed. || No. 213.

from India, I am directed by the Secretary of State for India to inform you that, as a result of further consultation with the Government of India, it is proposed to substitute the following paragraph for the final paragraph of the memorandum enclosed in the Government of India's letter of 7th May, 1936*.

"It may then be laid down that all pensions in issue in Aden on the date of separation will be borne by Aden, while pensions payable in India which cover whole time or part time service in Aden will be borne by India. Should India have received from the Colonial Office a full or proportional pension contribution for any pension in issue in Aden on the date of separation, India will bear a share of the pension represented by the proportion which the proportional period of service represented by the recovery bears to the total service of the pensioner. Any pensions payable outside India or Aden for whole time service in Aden will be borne by Aden which will however be relieved from bearing any share of such pensions if they cover only part time service in Aden. Pensions sanctioned after separation will be allocated between Aden and India on the basis of length of service, any period of service in Aden for which India recovered pension contribution from the Colonial Office in any individual case being allocated as service in India."

I am to request that, if no objection is seen, the necessary amendment may be made in the copies held in the Colonial Office.

I am, &c.,
M. J. CLAUSON.

78128/37 [No. 17].

No. 216.

INDIA OFFICE
to
COLONIAL OFFICE.

SIR, India Office, London, S.W.1, 6th April, 1937.

With reference to Mr. Blaxter's letter of 19th February†, regarding the financial adjustments consequent on the separation of Aden, I am directed by the Secretary of State for India to request you to inform the Secretary of State for the Colonies that the Government of India, subject to the eventual decision in the matter of the Kamaran Quarantine Station, have concurred in the suggestions made by the Colonial Office in the letter of 19th February†.

I am, &c.,
M. J. CLAUSON.

78128/37 [No. 30].

No. 217.

THE SECRETARY OF STATE
to
THE GOVERNOR.

[*Answered by No. 218.*]

(No. 182.)

SIR, Downing Street, 8th September, 1937.

I have the honour to refer to your despatch No. 124 of the 23rd of June‡ in which you requested approval of the opening of a new Head of expenditure in the current Estimates to cover the excess of liabilities, amounting to some Rs.3,50,000, taken over from the Government of India. In this connexion I would invite attention to the letter dated the 18th of January§ from the Treasury which was enclosed with my despatch No. 62 of the 23rd of February||.

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* No. 198. † No. 213. ‡ 78128/37 [No. 29]: not printed. § No. 211.
|| 78128/37 [No. 4]: not printed.

2. From a review of the financial position obtaining at the time of transfer, as now revealed, it would seem that the sum of Rs.4,00,000, representing the cash taken over on the 1st of April, can be considered as being available to meet, in the first instance, the liabilities in respect of miscellaneous deposit accounts amounting to Rs.40,000, and thereafter the cost of investments to be purchased in respect of (1) Provident Funds totalling Rs.1,30,000, and (2) Savings Bank deposits to the extent of Rs.2,30,000. Investments on behalf of the Savings Bank will then fall short of the Bank's actual liabilities to depositors (Rs.5,80,000), by Rs.3,30,000, and the request in your despatch under reply is in effect one to appropriate this sum of Rs.3,50,000 from the revenue of the Colony for the current year, for the purpose of investment on account of the Savings Bank.

3. The possibility of obtaining the sanction of the Lords Commissioners of the Treasury for this proposal would appear to depend upon two factors:—

(1) whether the Savings Bank is on a proper accounting basis in accordance with the recommendations contained in the Report enclosed in Mr. Malcolm MacDonald's circular despatch of 3rd July, 1935.

(2) whether the current year's revenue of the Colony will prove to be sufficient, not only to meet current expenditure and to provide a working balance for normal administrative purposes, but also to result in a surplus of sufficient size to provide the Rs.3,50,000 which it is now desired to appropriate. If, as seems probable, the current year's working is unlikely to eventuate in a surplus of such a size, then it would seem to be unlikely also that the sanction of the Lords Commissioners of the Treasury could be obtained to the request for the present appropriation, except perhaps to the extent of a token figure of, say, Rs.1,000 for the technical purpose of authorizing the Colonial Government to dispose of the cash balance of Rs.4,00,000 on the lines indicated in paragraph 2 of this despatch. In that case, the balance of the sum of Rs.3,50,000 should be included in the Colony's Estimates for the year 1938/39 for my further consideration when these estimates are under examination.

4. I shall be glad to receive your observations and further recommendations in the light of this despatch.

I have, &c.,

W. ORMSBY GORE.

78128/37 [No. 32].

No. 218.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 15th October, 1937.)

[*Answered by No. 219.*]

(No. 272.)

SIR, Governor's Office, Aden, 29th September, 1937.

I have the honour to refer to your despatch No. 182 of the 8th September, 1937* on the subject of the opening of a new Head of Expenditure to cover the excess of liabilities taken over from the Government of India.

2. The request was not intended as you suggest to provide for the appropriation of revenue for the purpose of Savings Bank investments. The request was made merely to regularize the book keeping entries necessary in connexion with the opening of the Principal Ledger of the Colony. Under Colonial Regulation 315 the Surplus and Deficit account must be posted exclusively from the accounts of revenue and expenditure, so unless an expenditure head is opened for the excess of liabilities taken over this regulation will not be followed. Whether the regulation is followed or not the statement of Assets and Liabilities must reflect the true position, i.e., that at the present moment liabilities exceed Assets.

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* No. 217.

3. The following is a forecast of the financial position of the Colony:—

		Rs.
Revised Estimate of Liabilities taken over from India		380,000
1937/38 Revised Estimates.		
	Rs.	
Revenue	2,014,100	
Recurrent Expenditure ...	1,590,000	
	424,100	
Extraordinary Expenditure ...	160,000	264,100
Estimated excess of liabilities over assets— 31st March 1938		115,900
1938/39.		
Provisional estimates.		
	Rs.	
Revenue	1,818,900	
Recurrent Expenditure ...	1,640,300	
	178,600	
Extraordinary Expenditure ...	128,600	50,000
Estimated excess of liabilities over assets— 31st March 1939		65,900
		or £5,000/-

4. The working cash balance required for administrative purposes is three lakhs of rupees arrived at as follows:—

	Rs.
Aden Treasury	200,000
Crown Agents, Indian Agents, Kamaran Sub-Treasury and Post Offices	100,000
	300,000

In the first half of the year there is a lag of revenue behind expenditure owing to the fact that income tax is collected mainly after September. During the first six months therefore, the above balance is likely to prove inadequate. To be on the safe side the till money figure should be put at four lakhs. The position on the 1st of April 1937 was that although a sum of Rs.400,000/- was taken over in cash the whole of that amount was required for administrative purposes. No material balance was available for investment. Actually the opening of the financial year was accompanied by the new issue of postage stamps the sale of which enabled the Colony to invest a portion of the proceeds in the Joint Colonial Fund. The money is not yet tied up in long term securities as future cash requirements are not entirely clear.

5. It is, however, certain that before the end of the present financial year it will be possible to cover the Provident Fund deposits by investments but only a portion of the Savings Bank Liability. From the statement given in paragraph 3 it will be seen that the estimated excess of liabilities on the 31st March next is about Rs.100,000/-, and of the cash balance which will be held Rs.400,000/- will be required for administrative purposes. If Savings Bank Deposits then amount to Rs.600,000/- the amount of money which can be invested against this liability will be Rs.100,000/-. The position can be put concisely as follows:—

Liabilities.	*Lakhs.*	*Assets.*	*Lakhs.*
Savings Bank ...	6	Cash (working balance)	4
Provident Fund	2	Investments Savings Bank	1
		Investments Provident Fund	2
		Excess of Liabilities	1
	8		8

Advances and Deposits will roughly balance so may be ignored.

6. It will be obvious from these figures that it is not possible to put the Savings Bank on a proper accounting basis in accordance with the recommendations of the 1935 Committee the essential feature of which is that the moneys of the Savings Bank shall not be applied in any way for the purposes of the Colony.

7. At the present moment all that is required is your authority for the book keeping entries referred to in paragraph 2. From paragraph 3 it will be observed that no assistance from His Majesty's Government will be applied for by the Colony in 1938/39 except the annual contributions which are being made at present in respect of Police, Medical and Protectorate Services.

I have, &c.,

B. R. REILLY,

Governor.

78128/37 [No. 35]. No. 219.

THE SECRETARY OF STATE

to

THE OFFICERS ADMINISTERING THE GOVERNMENT

(No. 34.)

SIR, Downing Street, 27th January, 1938.

I have the honour to acknowledge the receipt of Sir Bernard Reilly's despatch No. 272 of the 29th of September, 1937*, regarding the manner in which the excess of liabilities taken over from the Government of India should be entered in the accounts of the Colony.

2. While the procedure proposed by Sir Bernard Reilly is in accordance with the normal method of accounting, it does in effect require the Colony to buy at one time all the non-cash assets taken over from the Government of India, and thereby necessarily tends to obscure the budgetary position. Accordingly, in the exceptional circumstances, and after consultation with the Treasury, I think it desirable that the following procedure should be adopted:—

(1) The Colony Accounts should be opened as at 1.4.37 with the liabilities and cash assets taken over from the Government of India, the balance between them, Rs.380,000, being posted to the Surplus and Deficit Account as a deficit at that date.

(2) A statement of Assets and Liabilities as at 1.4.37, recording the entries under (1) above, should be included in the Colony's Annual Accounts for 1937–38, in addition to the similar statement as at 31.3.38.

(3) The surplus of revenue over voted expenditure in 1937–38 and later years should be posted to the Surplus and Deficit Account in the manner laid down in Colonial Regulations, the liabilities as at 1.4.37 being liquidated, or set off by assets in the form of investments, as revenue surpluses become available.

3. Thus the statements of assets and liabilities at the beginning and end of the year would be approximately as follows:—

Assets and Liabilities 1.4.37.

Liabilities.	*Lakhs.*	*Assets.*	*Lakhs.*
Savings Bank	5·8	Cash	4·0
Provident Fund	1·3	*Surplus and Deficit Account:*	
Deposits	·4	Deficit 1.4.37	3·8
(Adjustments	·3)		
	7·8		7·8

* No. 218.

Assets and Liabilities 31.3.38.

Liabilities.	*Lakhs.*	*Assets.*	*Lakhs.*
Savings Bank	6·0	Cash	4·0
Provident Fund	2·0	Advances	X
Deposits	X	*Investments:*	
		Savings Bank	1·0
		Provident Fund	2·0
		Surplus and Deficit Account:	
		Balance 1.4.37 ... 3·8	
		Less Surplus 1937–38 2·8	
		Deficit 31.3.38	1·0
	8·0		8·0

I have, &c.,

W. ORMSBY GORE.

6. PERSONNEL

78102/36 [No. 3]. No. 220.

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT)

to

SIR COSMO PARKINSON (COLONIAL OFFICE).

(Received 15th November, 1935.)

[*Answered by No. 221.*]

MY DEAR PARKINSON, The Residency, Aden, 29th October, 1935.

Will you please refer to your semi-official letter of 5th April, 1934*, and to my reply of 24th April, 1934†, on the subject of Hamilton's appointment as Second Political Officer?

As you will remember, Hamilton was appointed for two years as from 1st September, 1934, under Class B of Article 98 of the Royal Warrant for Pay. He is anxious to know for private reasons whether he has a prospect of re-appointment when his present term ends next August.

It is still early for me to make an official recommendation on the subject, but I should be glad to be able to let Hamilton know as soon as possible what is likely to happen to him.

He has so far fully justified his selection, and has done very useful work in various parts of the Protectorate and especially in inaugurating the experiment of tribal guards in the Fadhli, Haushabi and Amiri territories. His knowledge of the country and understanding of the people are very useful and his zeal remains unabated. I hope, therefore, that it will be possible next year to offer him the prospect of permanent and pensionable employment in the Colonial Service. As the transfer of Aden to Colonial Administration will probably be then near at hand I trust that it will be possible to overcome the difficulties that have hitherto stood in the way.

Seager's present appointment will expire on 1st September, 1937, and the question of his re-employment is therefore more distant than in the case of Hamilton. In the meantime his post remains non-pensionable and he is anxious to know what his position would be if he were invalided. He is at present perfectly fit but his work entails a considerable amount of travelling and living in difficult and unhealthy country, and he cannot help considering what his future would be were his duties to cause a breakdown in health. I imagine that in such an eventuality his case would receive sympathetic treatment by His Majesty's Government. Do you consider it possible to give him an assurance on this point?

Yours, &c.,

B. R. REILLY.

* No. 37930/34: not printed. † Not printed.

78102/36 [No. 4]. No. 221.

SIR COSMO PARKINSON (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL SIR BERNARD REILLY (RESIDENT).

MY DEAR REILLY, Downing Street, 24th December, 1935.

We have been looking into the points which you raise in your letter of the 29th October* regarding Hamilton and Seager.

As you know, the date which we now have in mind for the transfer of the Aden Settlement from the control of the Government of India to that of the Colonial Office is the 1st April, 1937, and this being so, it is difficult to make any definite pronouncement about the future of our political staff at Aden at this stage. We have in mind, as you will remember, the discussion of all questions relating to the transfer next summer, and then will be the time for us to take up the question of the future of our staff at Aden in consultation with the Treasury. It is our intention, if things work out as we anticipate, that both Seager and Hamilton should, if they are found to be in every way satisfactory officials and if they so wish, become permanent members of the Colonial Service, but at the moment it is impossible to give any undertaking to them to this effect.

As regards Hamilton, he will have done six years of consecutive secondment from his British regiment in December, 1936. We anticipate no difficulty whatever in retaining his services till then. As to the method of dealing with his case from that date until our new administration is established at Aden, viz., probably from December, 1936, till April, 1937, the most likely way which occurs to us is that the War Office should be asked whether they will allow him to remain at Aden after December, 1936, under the third category provided for in Article 98 of the Royal Warrant for Pay, viz., Class C (Civil Employment). The War Office only permit employment under Class C for a limited period, but this arrangement if it could be made would at any rate tide Hamilton over the gap and would at the same time preserve his right of return to the Army, if by chance anything goes wrong and his absorption as a permanent member of the Colonial Service does not take place. On the other hand, this is only a tentative idea and we cannot, of course, say whether the War Office will approve such a suggestion. It is, however, the best solution which occurs to us at the moment, and we must hope that we can fix it up satisfactorily with them when the time comes. If you will forward a recommendation regarding Hamilton at the end of May next, we will take the matter up further then.

As regards Seager, the position is easier since his present appointment does not expire until the 1st September, 1937, which is some months later than the date on which we expect to take over the Aden Administration. The comments which I have made in paragraph 2 apply equally in his case and we can take up the question of his future next summer. On the particular point whether Seager would receive some form of compensation from His Majesty's Government if he fell ill and had to be invalided, I am sorry to say that I cannot give you an assurance on this point. Seager holds at present a purely temporary post and there is no provision in the United Kingdom Superannuation Acts for granting any special treatment to a temporary employee. In the present circumstances, he would not be entitled to a pension on leaving the service for any cause, and the only provision in the Acts for appointments in his category is that which provides that persons who are not eligible for superannuation may, in the event of abolition of office after not less than seven years' service, or if invalided after not less than fifteen years' service, be awarded a compassionate gratuity not exceeding £1 or one week's pay, whichever is the greater, for each year's service. If such a person dies in the service at any time after fifteen years, the Treasury may grant to his dependants the gratuity he might have had if retired on ill-health. Seager only assumed duty at Aden on 1st September, 1934, and at the moment he is, therefore, in no worse position than the general run of people appointed on probation to the Colonial Service, who are not eligible for any award under the Pensions laws if their appointments are terminated from any cause before they have been confirmed in their appointments (which normally happens after two or three years' service).

I saw Lake recently and he asked me what was likely to happen in his case when his present term of appointment ends in May, 1937. Here again it is not possible at the moment to make any definite pronouncement. I think that the best course will be for Lake's position and future to be discussed next summer at the same time as all other questions come up for consideration.

Yours, &c.,

A. C. C. PARKINSON.

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* No. 220.

78122/36 [No. 2].

No. 222.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 11th May, 1936.)

(No. 188.) (Confidential.)

SIR, The Residency, Aden, 29th April, 1936.

I have the honour to forward an application* from Mr. D. C. Way, a Pilot in the employment of the Aden Port Trust, for appointment as Port Officer or equivalent post in Aden when it comes under the control of the Colonial Office.

2. In forwarding this application to me the Acting Chairman of the Aden Port Trust has stated that Mr. Way carries out his duties as a Pilot satisfactorily.

3. At present the official designation of the Port Officer at Aden is Principal Officer, Mercantile Marine Department, Aden District. As such, he is the servant of the Government of India, under whom he is also Shipping Master, Superintendent of Lighthouses (at Aden and Perim) and Sea Transport Officer. He is also Deputy Conservator of the Port, and in this respect he is the servant of the Aden Port Trust, and his salary is paid in equal proportions by the Government of India and the Aden Port Trust. He is also Officer in charge Red Sea Lighthouses, and in this capacity is responsible to the Board of Trade in England.

4. The arrangement by which this Officer's duties and pay are divided between Government and the Aden Port Trust works satisfactorily and economically, and I recommend that it be continued after the transfer of Aden, except that I should prefer to substitute the simple and easily understood designation of Port Officer for the cumbrous one that has been given to the appointment in recent years. This post has for very many years been satisfactorily filled by officers of the Royal Indian Navy (formerly Royal Indian Marine). As it is intended to maintain Indian Laws and Regulations at Aden for some time to come, I am in favour of continuing to obtain officers from the Royal Indian Navy for this appointment if the Government of India and the Indian Naval authorities agree. This would conform with the general policy of retaining Indian Service officers at Aden for some years after the transfer.

5. On general grounds I am therefore not in favour of substituting a promoted Aden Pilot for a Royal Indian Navy Officer. As regards Mr. Way personally, I understand that he might be a suitable Harbour Master at Aden when a vacancy occurs, but I do not know that he has any special qualifications for promotion to the more responsible post of Port Officer.

I have, &c.,

B. R. REILLY,

Resident, &c.

78122/36 [No. 1].

No. 223.

MR. P. E. MARRACK (ADMIRALTY)

to

MR. O. G. R. WILLIAMS (COLONIAL OFFICE).

[*Answered by No. 225.*]

DEAR WILLIAMS, Whitehall, S.W.1, 15th May, 1936.

We have recently had under consideration a proposal from the Commander in Chief of the East Indies Station for the appointment of a Naval Officer in charge at Aden on a permanent basis. As you may be aware, the existing arrangement in peace is that there is a comparatively junior Naval Officer in charge of the wireless station and a Commander of the Royal Indian Navy who occupies a civilian post as

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* Not printed.

Principal Officer of the Mercantile Marine Department: the latter undertakes the following duties on behalf of the Admiralty:—

(*a*) Reporting officer (in respect of the movement of British and foreign warships).
(*b*) Admiralty marshal for prize vessels, etc.
(*c*) Maintenance of oil fuel stocks.
(*d*) Allocation of berths to H.M. Ships.
(*e*) Settlement of Naval accounts of a minor nature.
(*f*) Arrangements for ratings left behind in hospital.
(*g*) Registrar for interpreters and Somalis who are used on ships of the local squadron.
(*h*) Arrangements for the supply of money to ships passing through Aden when necessary;

in addition, he acts for the Sea Transport Department of the Board of Trade in arranging all passages for Naval, Army and Air Force Officers to and from Aden and in looking out generally for transports running under the direction of that Department. To enable him to do this work he has the assistance of a native clerk towards whose pay the Departments concerned contribute but I need not worry you at the moment with the financial implications of the matter.

During the present emergency, it has been found necessary to appoint an Officer of the Royal Navy as Officer in charge at Aden on a temporary basis and he has taken over all the Admiralty work but not the duties of Sea Transport Officer.

The Commander in Chief's view is that a Naval Officer in charge is now required on a permanent basis with a view to ensuring that all the necessary preliminary arrangements are made for the naval services which have to be functioning at Aden as soon as possible after mobilization. Among the duties that such an Officer would be required to perform in addition to those mentioned above would be:—

(i) Liaison with Army, Air Force, Police, etc.
(ii) Arrangements for censorship.
(iii) Arrangements for protection of vulnerable points ashore.
(iv) Arrangements for the naval part of the local defence.
(v) Arrangements for naval control service, i.e., routeing of merchant ships.
(vi) Arrangements for contraband service.
(vii) Arrangements for accommodation, etc., of the base staff.

The Board are inclined to the view that the amount of work involved is becoming sufficient for a full time officer in peace, but before taking any further steps in the matter they are anxious to ascertain the views of the India and Colonial Offices. Were the present status of Aden being maintained, it would seem possible that the correct arrangement would be for the duties in question to be undertaken by an Officer of the Royal Indian Navy and possibly if the Officer already there were given a suitable status and provided with additional staff this might suffice. The transference of Aden to the Colonial Office administration will, however, presumably mean that the Royal Indian Navy will no longer be available to the same extent and in the circumstances it may be a more suitable arrangement if an Officer of the Royal Navy were appointed for the duties as soon as the present emergency staff can be removed.

I have written a similar letter to the India Office and if you think it is desirable perhaps we could have a meeting on the subject. I should add that the Board are anxious to get the matter settled at an early date.

Yours, &c.,

P. E. MARRACK.

78127/36 [No. 1]. No. 224.

TRANSFER OF ADEN.

PROPOSALS FOR DISCUSSION WITH SIR BERNARD REILLY.

(Memorandum prepared in the Colonial Office, 20th May, 1936.)

Personnel.

It is contemplated that all officers at present serving in Aden should be offered appointment under the Colonial Government on the same terms as to salary, leave, passages, etc., as they at present enjoy. As to discipline, they would come under the Colonial Regulations.

Those not wishing to accept appointment would either be transferred to service in India or retired on such pension from India as they have earned.

Officers retained in the service of the Colony of Aden would preserve their pension rights from India, and (if pensionable) would ultimately receive pensions in respect of their service under the Colony at rates not less than they would have earned if Aden had remained a part of India. Pension in respect of service up to the date of transfer would ultimately be paid from Indian funds.

Officers newly engaged by the Colonial Government, or promoted to higher posts, will come on such terms of service, including pension rights, as may be fixed by the Government of Aden with the approval of the Secretary of State.

Subject to the concurrence of the India Office and the Treasury, it is suggested that the Resident should issue a notification to all officers on the above lines shortly before transfer takes place.

Salaries, etc., will be provided in the annual estimates and will not require special legislation. Draft pension legislation is under consideration, and will have to contain provision for the calculation of the pensions of officers retained in the service of the Colony and already having pensionable status.

78122/36 [No. 3]. No. 225.

MR. J. A. SIMPSON (INDIA OFFICE)

to

MR. S. E. MARRACK (ADMIRALTY).

(Copy received in Colonial Office, 25th May, 1936.)

DEAR MARRACK, India Office, Whitehall, S.W.1, 22nd May, 1936.

This is in reply to your letter to Brown, No. C.W.8499/35 of the 15th May*, about the appointment on a permanent basis of a Naval Officer in Charge at Aden.

I am afraid we are not in a position to say anything definite until we have consulted the Government of India, but in any case, after the transfer of Aden to the Colonial Office, we are not very likely to ask for more than that an R.I.N. Officer should be kept on in the civilian post of Principal Officer for a limited number of years. In that case he would have to be seconded for foreign service, and would be to all intents and purposes a servant of the Colonial Office. It would still be open to you to consider whether the new appointment you propose to make should be combined with or separate from the civilian post.

But before we can get any further we must find out what are the exact wishes of the Government of India in regard to the civil appointment, and I have written by Air Mail to India to enquire. As soon as I get an answer I will let you know, and, if necessary, we can then have the meeting you suggest.

I am sending a copy of this letter to the Colonial Office.

J. A. SIMPSON.

78122/36 [No. 6]. No. 226.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

MY DEAR BLAXTER, Whitehall, London, S.W.1, 19th June, 1936.

Would you please refer to the letter from Simpson of our Military Department to Marrack of the Admiralty dated the 22nd May†, about the creation of a permanent post of Naval Officer in Charge of Aden. I sent you a copy of this at the time.

I now send you a copy of a further letter which we have sent to the Admiralty, giving the views of the Government of India. It seems to us that there is really no need to have a conference, assuming that, on the information now available, you are prepared to accept, at any rate until 1939, an R.I.N. officer to continue in the post now known as

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* No. 223. † No. 225.

Principal Officer, Mercantile Marine Department, Aden, and assuming also that the Admiralty are willing to allot to him the new duties of Naval Officer in Charge. The Government of India's proposals accord with Reilly's views, set out in his letter of the 29th April*, to your Secretary of State, but before they are finally accepted, no doubt the Board of Trade ought to be consulted, as this officer's duties as Sea Transport Officer are fulfilled on their behalf.

I expect you will agree that it is best to deal with this particular question independently of our general discussion on " Personnel " next week (which in any case the Admiralty will not I suppose be attending).

Yours, &c.,

M. J. CLAUSON.

Enclosure in No. 226.

MR. J. A. SIMPSON (India Office) to MR. S. E. MARRACK (Admiralty).

MY DEAR MARRACK, Whitehall, London, S.W.1, 18th June, 1936.

Would you kindly refer to the correspondence arising out of your letter to Brown of the 15th May, No. C.W. 8499/35 about the proposal to appoint a Naval Officer in Charge at Aden on a permanent basis.

We have now had a reply from the Government of India to say that they would be glad if the post of Principal Officer could continue to be held by an R.I.N. officer, at any rate, until June, 1939, and possibly until 1941. Commander Wadeson, the present incumbent, would normally complete his tenure in June, 1939, but could be given an extension till 1941. A relief officer, for leave, will be required next year, and can be supplied by the R.I.N.

If this proposal is accepted by the Colonial Office, the Government of India consider that it would be both practicable and economical for the R.I.N. officer to combine the duties of Naval Officer in Charge with those of Principal Officer, Mercantile Marine Department, (or Port Officer, as he will, no doubt, be called in future) and Sea Transport Officer. They suggest that the additional duties mentioned in your letter to Brown are normal at all defended ports, and also that an R.I.N. officer, especially one who has already held the post, has an advantage in the matter of language.

If the Admiralty are willing to accept this arrangement, at any rate for a period of years, and assuming that the Colonial Office accept the opinion expressed by Reilly in his letter of the 29th April*, which was forwarded to you with Blaxter's letter of the 5th June†, it hardly seems to us necessary to have a meeting to discuss the subject, but we should, of course, be willing to attend one if you desire it.

The Government of India suggest that, if the R.I.N. officer takes over the duties of Naval Officer in Charge, his appointment should carry the rank of Captain. Wadeson is due for promotion early next year, but under R.I.N. Regulations this does not involve any increase in his rate of pay, which is the same for a Captain and for a Commander of 25 years' service. He would be seconded for service under His Majesty's Government and it would be for you, the Colonial Office and the Board of Trade to settle the proportion of his emoluments to be borne by each. He receives Rs.900 per month, a staff allowance of Rs.620 and an allowance of Rs.50 as Officer in charge of the Red Sea Lights, and is provided with rent free quarters by the Aden Port Trust. The question of the additional staff required could be worked out later and the incidence of cost would also be a matter for you and the Colonial Office to agree.

We are sending a copy of this letter to Blaxter at the Colonial Office.

Yours, &c.,

J. A. SIMPSON.

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* No. 222. † 78122/36 [No. 5]: not printed.

78127/36 [No. 11A]. No. 227.

RECORD OF A MEETING HELD AT THE COLONIAL OFFICE ON TUESDAY, THE 23RD JUNE, TO CONSIDER PERSONNEL QUESTIONS ARISING OUT OF THE TRANSFER OF THE ADEN SETTLEMENT TO THE COLONIAL OFFICE.

Present:—

MR. COWELL (*in the Chair*).
MR. CLAUSON, MR. R. S. BROWN (India Office).
MR. FOYLE (Treasury).
MR. JEFFRIES, MR. BLAXTER, MR. JAMES, MR. BOYSE, MR. PALMER (Colonial Office).
SIR BERNARD REILLY (British Resident at Aden).

MR. COWELL explained that it was the wish of the Colonial Office that as many of the Indian personnel as possible should remain at Aden for a time in order to tide over the transfer period. Those Indian officials who were unwilling to transfer to the Colonial Service would either return to India or continue their service at Aden on "foreign service," the new Colonial Government paying a pension contribution in respect of their services. This arrangement would cease gradually and the posts would be filled by Colonial Service officers. It was necessary to consider the terms on which these arrangements could be carried through. Indian Service personnel remaining at Aden would retain their existing conditions of service, but he thought that it was essential that officials serving at Aden must come under Colonial regulations for purposes of discipline. It was proposed to introduce a Pensions Law for the new Colony and this would need detailed consideration. Also he thought that, although not necessarily immediately, a Widows' and Orphans' Pension Law should be passed. It would be desirable to have a Treasurer for the new Colony: he should be appointed and sent out some months before the transfer took place. Such an officer could probably be obtained from some other Colony.

The India Office representatives remarked that officials of the Indian Services remaining at Aden after the transfer would remain on "foreign service," not on deputation. In his memorandum of the 5th May, 1936*, the Resident had used the latter term. They stated that the India Office saw no objection in principle to this arrangement: indeed they presumed the Government of India would welcome it since one of the assurances given by His Majesty's Government was that Indian personnel would continue to be employed for a period. It was emphasized, however, that such officers could only be employed on foreign service on a voluntary basis and this raised the question whether a special allowance not exceeding 25 per cent, to which Sir Bernard Reilly referred in his memorandum of the 5th May, 1936, was payable. MR. BROWN stated that according to the Fundamental Rules the amount to be paid by way of additional allowance to officials on foreign service was a matter of arrangement with the employing Government and that no fixed figure was observed. He doubted very much whether an allowance as large as 25 per cent, or even 20 per cent, as allowed for in the Resident's draft budget, would be necessary. On the other hand, it was recognized that some additional allowance would be needed to act as an inducement to officers to continue their service in Aden.

Some discussion took place regarding the proposal made in the Resident's memorandum of the 5th May, 1936 (under point 16) that officers of the subordinate services at Aden should be given immediately an assurance that the Colonial Office pledge with regard to the terms of service of Indian personnel applied equally to the subordinate services as to the superior services. The pledge given by His Majesty's Government is contained in Mr. Cowell's letter to Mr. Walton of the 24th October, 1933, on page 29 of Middle East No. 50 and reads as follows:—

> "We should be prepared to give an assurance that in the event of the transfer of Aden all Indian administrative personnel in Aden at the time of the transfer would be retained on the terms of service under which they were then serving, subject only to modification by mutual consent."

MR. COWELL stated that it was intended that this assurance should apply equally to all Indian personnel at Aden: it would be unjust that the assurance should apply to the senior officials if it was not equally applicable to the junior officials. The position in regard to the pensions of these subordinate officials was raised and it was urged that

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* No. 145.

the pensions rights of these officials as at present existing under the Indian regulations must be preserved to them after the transfer. Mr. Cowell said that the position would be that these subordinate officials who were recruited locally and whose appointments were solely Aden posts and not part of any Indian cadre would be offered transfer to the Colonial Service on the understanding that their existing terms of service would be preserved intact. If the Indian pension scales and regulations were not preserved for them also, we should be offering them terms less favourable than those on which they were originally engaged. If, however, any of these officials did not accept transfer on these conditions, then he thought that the Colonial Government need be under no further obligation towards them. The question was raised whether the assurance with regard to the preservation of existing terms of service would apply also to temporary employees. These employees, SIR BERNARD REILLY stated, were subject to notice at any time and were not in any way on a permanent basis. While legally it would no doubt be possible to discharge such employees and offer them re-engagement on different conditions, it was recognized that this would be unreasonable and that the assurance with regard to the maintenance of existing conditions of service should apply to these employees also, subject, of course, to the understanding that if retrenchments or abolition of posts was necessary they could be discharged as at present. MR. FOYLE stated that before this definite assurance was given to the subordinate staffs he would like to refer the matter to the appropriate authority in the Treasury. He undertook to do this as soon as possible.

As regards the method under which the existing pension rights of subordinate staff should be preserved, MR. COWELL explained that a draft Pensions Ordinance had been tentatively prepared and it was suggested that the detailed clauses of this Ordinance should be discussed in a small committee at which representatives of the India Office, Treasury and Colonial Office Personnel Division would be present. It was thought that it would be desirable that the India Office should be given an opportunity of examining the draft Ordinance before the discussions took place.

MR. JEFFRIES then gave a short account of conditions in the Colonial Service. He explained that under new arrangements many branches of the Colonial Service had been unified and that there was now a Colonial Administrative Service, a Colonial Legal Service, a Colonial Medical Service, etc. Members of these Services were interchangeable and could be transferred and promoted at will throughout the Colonial Empire. The staffs of these Services were mainly European and the general conditions of service as regards pay, passages, etc., were as far as possible designed in order to provide a suitable career for such officers. In addition to these Services, each Colony had its own locally recruited cadre of officials many of whom filled the more subordinate posts. It will be necessary to consider in connexion with Aden which posts are to be included in the Unified Services and which posts are to be regarded as staffed by locally recruited officers. It should not be difficult to decide which posts fell into the two categories.

MR. COWELL observed that in due course a list would have to be prepared of posts which were to be included in the Unified Services and these posts would gradually be filled by Colonial Service officers.

The position of the four officers who work in the Protectorate was mentioned. If provision is to be made in the future as in the past for Protectorate services on the Colonial and Middle Eastern Services Vote, it might be possible to appoint these officers to the Aden Colony and second them for Protectorate work, the Colonial and Middle Eastern Services Vote paying a pension contribution to the Colonial Administration, thus preserving their pension rights. They could be covered by the new Aden Pensions Ordinance and would be included in the Colonial Administrative Service. No settlement was, however, reached pending a decision on the question of the form in which the budget is to be drawn up.

MR. COWELL raised the question of how long India would expect that certain posts in Aden would be filled by Indian officials on foreign service, pointing out that this arrangement naturally could not be continued indefinitely. A period of five years was mentioned as what would probably be a reasonable period, but it was generally agreed that it would be a matter for arrangement as time went on.

SIR BERNARD REILLY referred to the list of officials in Statement "A" in his memorandum of the 5th May, 1936, and explained that in some cases it would certainly be desirable for a time to fill the posts by officials from India. Certain comparatively senior posts were at present filled by Indians, for example, the Registrar of the Court, the Civil Surgeon and the Extra Assistant Commissioner.

It was suggested that, if Sir Bernard Reilly goes to Delhi this autumn as has been proposed, he should go through the lists of officers in Statement "A" with the authorities in India, and discuss with them the position of each of these officers.

SIR BERNARD REILLY referred to the observations which he had made under point 16 in his memorandum of the 5th May, 1936, regarding the filling of leave vacancies. In the case of the Colonial Service officers at Aden there was a sufficient reserve to enable leave to be taken without the necessity of obtaining other officers for replacement. In the case, however, of officials from India who remain at Aden on foreign service the position will be different. These officers do longer spells of duty and obtain longer periods of leave than is customary in the Colonial Service. When these officers take their leave it will be necessary for them to be replaced as they may be absent for periods of as much as nine months or a year. The most convenient, and perhaps the only practicable, arrangement would be for them to be replaced by another officer sent from India.

It was agreed that the Government of India's views should be obtained on this question. It was pointed out that the officers sent as substitutes could only be obtained on a voluntary basis, but it seemed to follow from the arrangement that Indian Service personnel should be retained at Aden for a period that the Government of India should see that substitutes were forthcoming to meet the situation during leave. Otherwise the system would break down. MR. BROWN stated that the Government of India would no doubt expect the Aden Administration to pay for the passage of the substitute as well as the leave and leave passage contribution in respect of the permanent holders of the posts. The Aden Administration would pay the salary of the substitute but not the salary of the incumbent during his leave. The India Office undertook to take the question up with the Government of India.

Some discussion took place regarding the comment made in the last sub-paragraph of point 16 in the Resident's memorandum of the 5th May, 1936, where he raised the question whether personnel recruited solely for service in Aden would receive any compensation if they did not wish to continue their service under the new Government. MR. COWELL stated that if, as is contemplated, an assurance is given that these officers would be retained on the identical terms of service under which they at present work, and if they still refuse to continue their employment, then there seemed to be no case for any compensation to be paid by the Colony of Aden. MR. BROWN said that in cases of this sort the Government of India had usually given special pensions to such officers. He referred, for example, to those members of the Post Office staff who had been recruited in India. If they transfer to the new Colonial Administration they will cease to have the opportunities which were previously open to them of promotion in the Indian Posts and Telegraphs Department. Such officers might say that it is impossible to offer them the continuance of identical terms of service at Aden only, since by transferring to the Aden Government they are entering a small Service and have less chance of advancement. MR. COWELL agreed that there might be special cases where some compensation ought to be given but he did not think that there was any case for offering any compensation in the case of officers recruited in Aden solely for service in Aden who were offered continuance under the new Government on the same terms as before but who refused to continue.

The appointment of a Treasurer was then discussed. SIR BERNARD REILLY referred to the proposals made under point 6 of his memorandum of the 5th May, 1936, where he had suggested that the Treasurer, if appointed, should be in charge of the Income Tax and Salt and Excise Departments as well as the Treasury.

MR. COWELL expressed the view that it would be desirable that the man selected should be sent out in order to arrive in Aden some months before the transfer takes place. It was thought that the best method of meeting his salary until the date of transfer would be for him to be seconded from the Colony where he was previously serving and for that Colony to pay his salary up to the date of the transfer (i.e., 1st April, 1937) and recover it subsequently from the new Aden Government. No accounting difficulties should arise through this arrangement, either in the lending Colony or at Aden.

MR. JEFFRIES enquired whether it was intended that the appointment should be styled " Financial Secretary " or " Treasurer." The new policy was to abolish the title of " Treasurer " and to replace it by that of " Financial Secretary," the Financial Secretary being an official of the Secretariat. This applied, of course, mainly to the larger Colonies. It was generally agreed that it would be very desirable to appoint an experienced official to tide the Colony over the first two or three years. The title suggested for this officer was " Finance Officer."

It was arranged that Mr. Jeffries would consider likely candidates and discuss them with Sir Bernard Reilly.

As regards the appointment of a Legal Adviser, it was decided that as a first step this should be discussed with Sir Grattan Bushe.

78127/36 [No. 5]. No. 228.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. M. J. CLAUSON (INDIA OFFICE).

[*Answered by No. 229*].

MY DEAR CLAUSON, Downing Street, S.W.1, 1st July, 1936.

You telephoned a day or two ago to give us some information for which we had asked about the pensionable position of Indian officials who are entitled to pensions from India and who may be employed at Aden after the transfer.

I understood the position to be that in the case of an Indian official who retired at the normal age of retirement and subsequently took employment under a Government other than the Government of India (for example, under the Aden Colonial Administration), there was no power to stop his pension and that he would therefore continue to draw it while in his new employment. If, however, he remained in the service of the Government of India after he reached the normal pensionable age, he would not draw his pension while he remained in that employment.

As regards officers who retired before the normal age of retirement on proportionate pension, the position, I understand, is that if they take employment with a Government other than the Government of India before the expiration of a period of two years from the date on which they commenced to draw the proportionate pension, the proportionate pension would not be payable while they were so employed. If, however, they did not take up such new employment until after two years have expired, then they would be able to draw their pensions.

Would you mind letting me have a line to confirm whether this describes the position correctly in order that we can put the correspondence on record here for reference.

Yours, &c.,

K. W. BLAXTER.

78127/36 [No. 9]. No. 229.

MR. M. J. CLAUSON (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

MY DEAR BLAXTER, Whitehall, S.W.1, 8th July, 1936.

In reply to your letter of the 1st July*, about the pensionable position of Indian officials drawing pension from India who may be employed at Aden after transfer, I enclose a copy of a Note prepared in our Services and General Department which gives the position fully. They did not think that your letter (which represented what I told you) covered all the points adequately.

In reading the Note it is important to bear in mind that in Indian parlance " retiring " and " superannuation pensions are quite different things. This, of course, is explained in the first sentence of the second paragraph of the Note.

We assume that your people will be consulting R. S. Brown in due course in regard to your Pension Ordinance. So far as Indian Service Personnel transferred to Colonial service are concerned, he suggests that it will probably be best to say in your Ordinance quite simply that they will continue to be governed by the Regulations which apply to them at present.

Yours, &c.,

M. J. CLAUSON.

Enclosure in No. 229.

NOTE.

The following is a brief outline of the Indian pension system with special reference to the re-employment of pensioners.

Except in the case of the Indian Civil Service the normal age of superannuation in the Indian Services is 55, but members of the Superior Services may retire voluntarily

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* No. 228.

on retiring pension after completing 25 years' service (in some Services 20 years). A member of the Indian Civil Service may retire on an annuity of £1,000 after 25 years' total service, of which 21 years must be active service, and must retire after 35 years' service. In the Subordinate and Inferior Services, retiring pension is granted only after 30 years' service. Certain members of certain Services (at present the All-India Services, but the categories will be extended on the introduction of Provincial Autonomy) have the privilege of retiring on proportionate pension whatever their length of service. In addition to these classes of pensions there are invalid pensions and pensions granted on abolition of office.

If a Government servant is retained in the service of the Government in India beyond the age for superannuation, his pension is withheld until he finally quits the Service. If he is re-employed on Government service in India after retirement, the treatment varies according to the class of pension he draws and the circumstances of the case. If he is appointed after retirement from the Indian Service to a position in Colonial Service, there is, with one exception, no power in Indian regulations under which his pension whether invalid, abolition, retiring or superannuation may be reduced or withheld. The pension of an officer who retires on proportionate pension is, however, if he obtains employment in another Government Department before or within two years after retirement, liable to suspension in whole or in part. It might be added that a Government servant would probably not be permitted to retire on retiring pension in order to draw such pension in addition to his pay from the Colonial Service. In such a case he would be transferred to the Colonial Service and, on eventual retirement therefrom, he would be treated on the analogy of the Rules made under the Superannuation Acts by the Treasury in 1911. Subject to what has been stated above with regard to withholding pension, an officer to whom the Premature Retirement Rules apply may be allowed to retire on proportionate pension even if he were taking up a Colonial appointment on retirement, but if he were in employment on foreign service terms at the time of his application, permission to retire would be refused. In such a case the officer would be required, if it were desired that he should remain in Colonial Service, to continue on foreign service terms until he reached the age of superannuation.

78127/36 [No. 15]. No. 230.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

(No. 228.)

SIR, Downing Street, 29th July, 1936.

I have the honour to inform you that I have had under consideration, in consultation with Sir Bernard Reilly, the interpretation which should be placed upon the pledge which was given in 1933 that when the control of the Aden Settlement passed from the Government of India to His Majesty's Government, all Indian administrative personnel at Aden at the time of the transfer would be retained on the terms of service under which they were then serving, subject only to modification by mutual consent.

2. Sir Bernard Reilly informs me that the subordinate staffs at Aden have enquired whether this pledge applies to them in the same way as it applies to the administrative personnel, and that it is very desirable that a decision on the matter should be reached as soon as possible, as the staffs concerned desire to know what the position will be before they can decide whether they wish to remain in the service of the new Administration when the transfer of control takes place.

3. It was the intention of His Majesty's Government that this assurance should apply to all members of the subordinate staffs at Aden. If members of these staffs elect to remain under the Colonial Government, their existing conditions of service will in all respects be preserved intact, subject only to modification by mutual consent; that is to say, each officer will be entitled to retain his existing scale of salary, pension rights and other terms of employment. He will, however, be regarded, as from the date of the transfer, as a member of His Majesty's Colonial Service, and will be subject accordingly to the provisions of the Colonial Regulations in regard to discipline, etc.

4. The staffs concerned need have no apprehension that they will suffer adversely as the result of the application to them of the Colonial Regulations, which have been

drawn up with great care in order to safeguard adequately the position of Colonial civil servants. The sections of Colonial Regulations which are more particularly concerned with conduct and discipline are Nos. 50–80 in Part I of the Regulations, and it is suggested that these sections should be brought to the attention of the staffs in question.

I have, &c.,

W. ORMSBY GORE.

78127/36 [No. 18]. No. 231.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office, 12th August, 1936.)

(P.Z. 5302/36.) 12th August, 1936.

Repeated to Chief Commissioner, Aden. Transfer of Aden. Point 16 of Note enclosed with Sir B. Reilly's demi-official letter of 5th May*. Personnel. His Majesty's Government would be glad to have it confirmed that the Government of India are prepared for some time to come (say about five years—though of course the period would vary in respect of individual posts and would be a matter for arrangement as time goes on) to make available officers on foreign service to fill as many as possible of the posts mentioned in Statement A attached to Sir B. Reilly's note which are at present filled by Indian Service *personnel*, and as a corollary to supply leave substitutes from India as suggested. In the note and statement the word "deputation" is used where of course "foreign service" is appropriate. Assuming the Government of India are prepared to accept this principle (which seems to follow naturally on the pledge given by His Majesty's Government to employ a proportion of Indian Service personnel for some years after separation), the detailed arrangements in regard to individuals must be left for settlement between the Government of India and Sir B. Reilly. It is, however, desirable at this stage to raise the following general points:—

(1) Foreign Service terms do not include 25 per cent addition to emoluments as specified by the Chief Commissioner. Prima facie there is no reason why officers on Foreign Service in Aden under the Colonial Office should receive larger emoluments than they received in precisely the same posts and under the same conditions before transfer under the Government of India. It may, however, be necessary to make some concession in view of the fact that Aden is not an attractive station. Colonial Office are content that this matter should be discussed by Government of India with Reilly, but it would be useful to them to have, meanwhile, a general indication of the Government of India's view.

(2) Colonial Revenues will pay leave and leave passage contributions in respect of officers employed on Foreign Service besides the emoluments and passages (and allowances) to and from India of leave substitutes, but not the emoluments of the substantive incumbents while on leave.

(3) Although there would be advantages in the payment by the Government of the Colony of pension contributions in respect of officers on Foreign Service at Aden, it would probably be simpler, in view of the arrangement envisaged for the allocation between Colonial and Indian Revenues of pensions of officers with service partly in India and partly in Aden that this latter arrangement should apply throughout.

(4) As it appears from Statement A that practically all the superior staff is ready to remain for a time at Aden, and as Sir B. Reilly anticipates that the great majority of subordinate personnel will be ready to transfer to Colonial Service (provided an assurance about their future conditions of service is given), it is assumed that there is unlikely to be serious difficulty about reabsorbing into India such officers as do not wish to remain. Any individual cases of difficulty may perhaps be left to be settled as they arise. It is clear that His Majesty's Government are unlikely readily to abandon what is now their provisional attitude on the principle involved, viz., that if an officer is offered the chance of continuing in Aden in his existing post and on his existing conditions of service and refuses, Colonial Revenues can hardly be expected to meet any special charges in respect of him, but they would no doubt be prepared to consider special cases on their merits (e.g., of staff recruited in India not solely for Aden service).

His Majesty's Government are favourably considering Sir B. Reilly's proposal that an assurance should be given forthwith in regard to the future of the subordinate personnel, and a decision may shortly be expected.

J. C. WALTON.

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* No. 145.

78127/36 [No. 22]. No. 232.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL M. C. LAKE (ADEN).

DEAR LAKE, Downing Street, 2nd September, 1936.

In our despatch No. 228 of the 29th of July* we conveyed to you an assurance to the subordinate staffs at Aden that if they elect to remain under the new Colonial Government their existing conditions of service will be preserved intact.

In connexion with this assurance a further point has occurred to us. We presume that officers who elect to remain under the new Government will understand that they will cease to be eligible for promotion to offices in India to which in present circumstances they may aspire. If there are any such officers serving on a time scale, they will be entitled to go to the top of such scale, but they will cease to have any claims for promotion to higher posts in India, nor can they expect any compensation for the loss of such claims.

We did not mention this in the despatch as it seemed to us that officers would appreciate the position. It seems to us to go without saying that these officers will cease to have any claims on the Service which they have left. We have, however, thought it well to mention the point to you semi-officially in case any of the staff raise it.

Yours, &c.,

H. R. COWELL.

78127/36 [No. 23]. No. 233.

COLONIAL OFFICE

to

INDIA OFFICE.

SIR, Downing Street, S.W.1, 2nd September, 1936.

I am directed by Mr. Secretary Ormsby Gore to request you to inform the Marquess of Zetland that, in connexion with the pending transfer of the control of the Aden Settlement from the Government of India to His Majesty's Government, he has had under consideration the question of the appointment of a Chief Justice for the new Colony. Mr. Ormsby Gore has in mind a suitable officer who might be appointed to this post, and I am accordingly to suggest that Mr. G. B. Constantine, the present District and Sessions Judge at Aden, should revert to the Indian Service on or about the 1st of April next. It is understood from Sir Bernard Reilly that Mr. Constantine would be ready to fall in with such an arrangement.

2. Mr. Ormsby Gore therefore suggests that (provided the Secretary of State for India sees no objection) the Government of India should be informed of this proposal, and that, if they approve it, they should be asked to take the necessary steps for Mr. Constantine's return to the Indian Service on the date suggested.

I am, &c.,

H. R. COWELL.

78122/36 [No. 10]. No. 234.

MR. F. F. TURNBULL (INDIA OFFICE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

(Received 25th November, 1936.)

[*Answered by No. 235*].

MY DEAR BLAXTER, India Office, Whitehall, S.W.1,

We have recently received a telegram from India asking for early information by telegram in regard to the question of the creation of a post of Naval Officer-in-Charge at Aden. I understand that the Admiralty have been unable to reach a decision on this subject as yet though they are now endeavouring to do so. I must however send some reply to India at an early date, and it would be of great assistance if you could let me

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* No. 230.

know definitely whether—assuming that the Admiralty's decision is that they do not wish the R.I.N. officer at Aden to undertake the duties of Naval Officer-in-Charge—we can take it that the Colonial Office will wish to retain a R.I.N. officer in the post of Principal Officer, Mercantile Marine Department (to be known in future as "Port Officer") at any rate until 1939. I see that in Reilly's despatch of the 29th April*, which was enclosed with your letter to Marrack of the 5th June†, he stated that he was in favour of continuing to retain R.I.N. officers on the ground that it was intended to maintain Indian laws and regulations at Aden for some time to come.

Yours, &c.,
F. F. TURNBULL.

78122/36 [No. 11]. No. 235.

MR. K. W. BLAXTER (COLONIAL OFFICE)
to
MR. F. F. TURNBULL (INDIA OFFICE).

MY DEAR TURNBULL, Downing Street, 1st December, 1936.

In reply to your letter received on the 25th November‡ about the post of port officer at Aden, I write to say that we agree that a Royal Indian Navy officer should be retained at Aden at any rate up to 1939. I understand that the Admiralty have now definitely decided to appoint a naval officer-in-charge at Aden who will do the naval work.

Yours, &c.,
K. W. BLAXTER.

78122/36 [No. 13]. No. 236.

THE ADMIRALTY
to
THE COLONIAL OFFICE.

SIR, Admiralty, S.W.1, 3rd December, 1936.

I am commanded by My Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for Colonial Affairs that they have had under consideration the question of the appointment of a permanent Naval Officer in Charge at Aden.

2. Prior to the Italian emergency all naval duties at Aden were performed on behalf of the Admiralty by the Commander of the Royal Indian Navy who occupies the civilian post of Principal Officer of the Mercantile Marine Department, but during the Italian emergency My Lords found it necessary to appoint a Naval Officer in charge.

3. Having regard to the growing strategical importance of Aden, My Lords have come to the conclusion, after careful consideration, that it is desirable that the appointment of a Commander, R.N., should be continued as a permanent arrangement. They do not consider, however, that it is practicable to combine the duties of Naval Officer in Charge with those of the Principal Officer, Mercantile Marine Department, as suggested in previous semi-official correspondence.

4. My Lords therefore propose that the Naval Officer in Charge should permanently relieve the Principal Officer, Mercantile Marine Department, of all the purely naval duties, viz.:—

(i) Naval Reporting Officer.
(ii) Admiralty Marshal.
(iii) Maintenance of oil fuel stock and supply to ships.
(iv) Allocation of berths to H.M. Ships.
(v) Arrangement of naval passages.
(vi) Settlement of naval bills.
(vii) Arrangements for naval personnel left behind in hospital, etc.
(viii) Registrar for Interpreters and Somalis.
(ix) Supply of money to H.M. Ships.

5. A copy of this letter has been addressed to the India Office.

6. I am also to enclose a copy of a letter§ which My Lords have caused to be addressed to the Treasury on this matter.

I am, &c.,
H. EASTWOOD.

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* No. 222. † 78122/36 [No. 4]: not printed. ‡ No. 234. § Not printed.

78127/37 [No. 3].

No. 237.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 242*].

SIR, India Office, 18th February, 1937.

I am directed by the Secretary of State for India to refer to Mr. Cowell's letter of the 22nd July, 1936*, and connected correspondence regarding certain details connected with the transfer of Aden.

2. I am now to forward, for the information of the Secretary of State for the Colonies, a copy of a letter dated 9th January from the Government of India regarding certain points arising in connection with personnel.

3. Lord Zetland assumes that Mr. Ormsby-Gore will agree that the Government of India's letter satisfactorily disposes of the points at issue, subject to further consideration of the items indicated in paragraphs 3, 6, and 8.

I am, &c.,

M. J. CLAUSON.

Enclosure in No. 237.

FROM THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, TO THE UNDER SECRETARY OF STATE FOR INDIA, POLITICAL DEPARTMENT, INDIA OFFICE, LONDON, S.W.1.

Dated New Delhi, the 9th January, 1937.

SIR,

I am directed to refer to Mr. Walton's Air Mail Express Letter, dated the 12th August, 1936†.

2. The Government of India confirm that they are prepared for a period of about 5 years, to make available officers on foreign service to fill as many as possible of the posts mentioned in statement "A" attached to Sir Bernard Reilly's note‡, which are at present filled by Indian Service personnel, and to supply substitutes in leave vacancies. The Foreign Service will be on a voluntary basis and subject to the approval of the Government of India and the consent of the Colonial Office. The Government of India note that the period suggested would vary in regard to individual posts and agree that it would be a matter for arrangement as time goes on. As, however, some of the Aden posts are specifically included in the sanctioned Cadres of the Services concerned, it will be necessary for the Colonial Office to give sufficient notice of the filling up of any of these posts by an officer of the Colonial Service, so that steps may be taken to effect a corresponding reduction in the Indian cadre.

3. The Government of India agree that ordinarily, officers lent to the Colonial Office on Foreign Service need not be granted as a result of the transfer of control any extra emoluments in addition to the pay and allowances at present attached to their posts. The present rates take into account conditions in Aden but some concessions may be necessary and this question will be discussed with Sir Bernard Reilly.

4. The Government of India note that leave and leave passage contributions will be paid by the Colonial Office in respect of officers lent to them (both substantive incumbents and leave substitutes) and that Colonial Revenues will also meet the travelling allowances of the leave substitutes to and from India to the extent admissible under the existing rules. In regard to the substantive incumbent on leave, leave contribution is not payable for the period of leave but leave passage contribution will have to be paid for that period as the present rate of Rs. 50/- per mensem has been fixed with reference to the total period of foreign service whether the officer is on leave or on duty. The leave passage contributions above mentioned are in respect of Lee Concession passages admissible to officers of non-Asiatic domicile. Officers of Indian domicile serving in Aden are given leave passages to and from India once in three years and the cost of these passages will fall on Colonial Revenues after separation.

5. Officers of the Indian Police are given periodical grants in respect of chargers and uniform and a small contribution is levied in the case of such officers on foreign

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* 78060/36 [No. 22]: not printed. † No. 146. ‡ No. 145.

service. This contribution in regard to the Commandant of Police in Aden who is borne on the Bombay cadre of the Indian Police will be a charge on Colonial Revenues after separation.

6. In regard to pensions, a reference is invited to paragraph 4 of the Government of India, Finance Department letter, dated the 28th September, 1936*.

7. The Government of India do not anticipate any difficulty in reabsorbing into India those officers of the Indian Services, both superior and subordinate, who may be unwilling to be transferred to Colonial Service in spite of the assurance given about their future conditions of service. As regards the locally recruited staff, it may be expected that cases of unwillingness to enter Colonial Service will be very few, and the Government of India have nothing to urge against the views of His Majesty's Government that no special charges in regard to these cases should fall on Colonial Revenues.

8. A separate communication from the Defence Department as regards the post of Principal Marine Officer, Aden port, will follow.

I have, &c.,

W. R. HAY,

for Foreign Secretary to the Government of India.

78127/37 [No. 6].

No. 238.

INDIA OFFICE

to

COLONIAL OFFICE.

SIR,

India Office, 18th March, 1937.

I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of telegraphic correspondence with the Government of India regarding the position of officers of the Indian Services serving in Aden on and after 1st April next.

I am, &c.,

F. W. H. SMITH,

Secretary,

Services and General Department.

Enclosure 1 in No. 238.

CODE TELEGRAM FROM SECRETARY OF STATE TO GOVERNMENT OF INDIA, FINANCE DEPARTMENT, DATED 10TH MARCH, 1937.

818. Your telegram No. D. 285 R.I./371, dated 6th February. Although amendments suggested could no doubt be legally made it would seem impossible to apply them to Burma in view of provision in paragraph 8(*c*) of circular to Services, and in case of Aden subject to the limited exception stated below it also seems impossible, having regard to terms of section 288, to refuse to recognize service in Aden as foreign service after date of separation, without exposing ourselves to charge of evasion of principle of volunteering for foreign service, to which Services no doubt attach great importance. Superior Services would also be affected as amendments would apply to them as well. I therefore see serious objections in principle to accepting your proposed amendments of the rules. But in case of staff already in Aden seeing that their conditions of service will not in any material respect be altered I consider they will have no reasonable ground of complaint if they are told that they must remain on for a specified period on existing terms to give Government time to make other arrangements. Period might I suggest be up to one year from 1st April next. After the expiry of this period they would be free to volunteer for further service in Aden under such terms as Government may decide to offer them.

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* Enclosure in No. 206.

Enclosure 2 in No. 238.

DECODE OF TELEGRAM FROM GOVERNMENT OF INDIA, FINANCE DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, DATED NEW DELHI, 6TH FEBRUARY, 1937.

(Received 6th February, 1937, 1.15 p.m.)

D. 285 R.I./37. Under Rule 45 of Classification, Control and Appeal Rules no officer may be transferred to Foreign Service without his consent. With effect from 1st April, service in Aden and Burma will technically become Foreign service for all Government of India establishments now serving there and for those who may be transferred there in the future. Subordinate medical establishments now serving in Aden on two-years' agreement have definitely refused to stay there after the 1st April, 1937, and Chief Commissioner, Aden, fears that such refusal may spread to other India recruited subordinate establishments in Aden unless firmly dealt with. Government of India consider that, in case of Aden and Burma, the mere accident of separation should not give rise to any additional right to all present India establishments now serving in those places or who may be sent there in future. Liability to serve in Aden or Burma is a present condition of their service, and they should not be permitted to take advantage of separation to demand repatriation or deputation allowance under Fundamental Rule 51 (2), or to refuse to serve in Aden or Burma in comparatively rare future cases where this may be desirable in the interests of both parties. Chief Commissioner, Aden, is endeavouring to recruit new medical establishments to replace those unwilling to serve, but can (sic, ? cannot) complete arrangements before about October. Government of India accordingly recommend that Fundamental Rule 110(*a*) and Rule 45 of Classification Rules should be amended to include service in Aden and Burma from that time operation in case of all Government servants in Services on 31st March, 1937. Case in application to Aden will certainly not have practical application for more than a year or two.

78127/37 [No. 7].

No. 239.

INDIA OFFICE

to

COLONIAL OFFICE.

SIR,

India Office, 30th April, 1937.

I am directed by the Secretary of State for India to transmit to you, for the information of the Under Secretary of State, Colonial Office, copy of the papers on the subject of Conditions of service of Indian Service personnel in Aden after 1st April, 1937.

I am, &c.,

S. F. STEWART.

Enclosure 1 in No. 239.

Copy of memorandum No. F.30(53)–E/36 dated New Delhi the 10th February 1937 from the Under Secretary to the Government of India in the Foreign and Political Department to the Chief Commissioner, Aden.

Conditions of service of Indian Service personnel retained in Aden after the 1st April 1937.

Reference your letter No. Nil, dated the 4th February 1937.

2. The Government of India confirm that their considered view in the matter of conditions of service of Indian service personnel retained in Aden after the 1st April 1937 is that they cannot recommend nor do they desire that any additional emoluments or concessions should be given to these officers, either superior or subordinate, who will, after the separation of Aden from India, be considered as on Foreign Service.

Enclosure 2 in No. 239.

Copy of letter No. 2034 dated Aden the 12th March 1937 from the Chief Commissioner, Aden to the Foreign Secretary to the Government of India, New Delhi.

Applicability of Colonial Regulations, Part I, to officials of the Government of India serving under foreign service terms at Aden.

I have the honour to forward for the information of the Government of India extracts of paragraphs 1, 2 and 3 from the Colonial Office despatch No. 389 dated 17th December 1936 on the subject noted above, and with reference to paragraph 3 thereof, I request that the Government of India be pleased to confirm the presumption made by the Colonial Office. A copy of the Colonial Office despatch No. 228 dated 29th July is enclosed.

Extracts of paragraphs 1, 2 and 3 from the Colonial Office despatch No. 389 dated 17th December 1936, to the Resident, Aden.

I have the honour to inform you that as from the 1st April 1937, the Regulations for His Majesty's Colonial Service, shortly styled the Colonial Regulations, will become applicable to the new Colony of Aden, which comes into being on that date.

2. The Regulations are comprised in two parts, Part I relating to Public Officers and Part II relating to Public Business.

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3. I presume that Part I, Public Officers, will not apply to officials of the Government of India serving under foreign service terms at Aden, and that such officials will remain under Indian regulations in all respects. I shall be obliged if you will confirm this direct with the Government of India and inform me of their reply. Officials who transfer from service under the Government of India to service under the new Colonial Government are to preserve their Indian conditions intact and they must therefore remain subject to the Indian regulations governing those conditions. They will, however, come under Colonial Regulations for discipline. In this connexion your attention is invited to my despatch No. 228 of the 29th July last.

Despatch No. 228 dated the 29th July 1936 from His Majesty's Secretary of State for the Colonies, London, to the Acting Resident, Aden.

I have the honour to inform you that I have had under consideration, in consultation with Sir Bernard Reilly, the interpretation which should be placed upon the pledge which was given in 1933 that when the control of the Aden Settlement passed from the Government of India to His Majesty's Government, all Indian administrative personnel at Aden at the time of the transfer would be retained on the terms of service under which they were then serving, subject only to modification by mutual consent.

2. Sir Bernard Reilly informs me that the subordinate staffs at Aden have enquired whether this pledge applies to them in the same way as it applies to the administrative personnel, and that it is very desirable that a decision on the matter should be reached as soon as possible, as the staffs concerned desire to know what the position will be before they can decide whether they wish to remain in the service of the new Administration when the transfer of control takes place.

3. It was the intention of His Majesty's Government that this assurance should apply to all members of the subordinate staffs at Aden. If members of these staffs elect to remain under the Colonial Government, their existing conditions of service will in all respects be preserved intact, subject only to modification by mutual consent; that is to say, each officer will be entitled to retain his existing scale of salary, pension rights and other terms of employment. He will, however, be regarded, as from the date of the transfer, as a member of His Majesty's Colonial Service, and will be subject accordingly to the provisions of the Colonial Regulations in regard to discipline, etc.

4. The staffs concerned need have no apprehension that they will suffer adversely as the result of the application to them of the Colonial Regulations, which have been drawn up with great care in order to safeguard adequately the position of Colonial civil servants. The sections of Colonial Regulations which are more particularly concerned with conduct and discipline are Nos. 50–80 in Part I of the Regulations, and it is suggested that these sections should be brought to the attention of the staffs in question.

Enclosure 3 in No. 239.

From The Secretary to the Government of India in the External Affairs Department,
To The Civil Secretary, Aden Government.
No. F.30(53)-E/36. Dated the 7th April, 1937.

Applicability of Colonial Regulations to officers of the Government of India in Aden after 1st April 1937.

Reference your letter No. 2034, dated the 12th March 1937.

The presumption made by the Colonial Office is confirmed. Officials of the Government of India serving under foreign service terms at Aden will remain under Indian regulations in all respects. Officials who transfer from service under the Government of India to service under the new Colonial Government will preserve their Indian conditions intact and will remain subject to the Indian regulations subject only to modification by mutual consent. They will, however, come under Colonial Regulations for discipline.

A copy of the correspondence is being sent to the India Office.

The issue of the above has been authorized.

G. K. S. SARMA,
Under Secretary to the Government of India.

78127/37 [No. 9].

No. 240.

THE SECRETARY OF STATE
to
THE GOVERNOR.

[*Answered by No. 241*].

(No. 44.)

Downing Street, 20th May, 1937.

SIR,

I have the honour to transmit to you the accompanying copy of a letter* from the India Office enclosing a communication from the Government of India concerning the appointment on foreign service of Indian Service Officers in Aden, and certain other matters.

Subject to your concurrence, it is proposed to inform the India Office that the Colonial Office accept the proposals contained in the letter dated the 9th of January, 1937, from the Government of India.

I observe from your despatch No. 87 of the 23rd February† on the subject of the grant of additional emoluments or concessions for Indian Service Officers at Aden, that the question referred to in paragraph 3 of Government of India letter of the 9th of January has now been satisfactorily settled.

I have, etc.,
W. ORMSBY GORE.

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* No. 237. † 78127/37 [No. 4]: not printed.

78127/37 [No. 18].

No. 241.

THE GOVERNOR

to

THE SECRETARY OF STATE.

(Received 5th July, 1937.)

(No. 115.)

Governor's Office, 23rd June, 1937.

SIR,

With reference to your despatch No. 44, dated 20th May, 1937*, transmitting to me a copy of a letter from the India Office enclosing a communication from the Government of India concerning the appointment on foreign service of Indian Service Officers in Aden, and certain other matters, I have the honour to inform you that I agree to the proposals contained in the letter dated the 9th January, 1937, from the Government of India.

I have, &c.,

B. R. REILLY,

Governor.

78127/37 [No. 19].

No. 242.

COLONIAL OFFICE

to

INDIA OFFICE.

Downing Street, 4th August, 1937.

SIR,

I am directed by Mr. Secretary Ormsby Gore to refer to your letter of the 18th February†, and to request you to inform the Marquess of Zetland that the Governor of Aden has agreed to the proposals contained in the letter dated the 9th January from the Government of India in regard to the loan of Indian Service officers for service in Aden.

I am, &c.,

H. R. COWELL.

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7. TRANSFER TO COLONIAL OFFICE OF KURIA MURIA ISLANDS

78120/36 [No. 1].

No. 243.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. M. J. CLAUSON (INDIA OFFICE).

Downing Street, 15th May, 1936.

DEAR CLAUSON,

I understand that James had a word with you on the telephone regarding the position of the Kuria Muria Islands in relation to the impending separation of Aden from British India.

These islands became British territory in 1854 by virtue of their cession to the British Crown by the Sultan of Muscat, but it is not clear that they have ever been administered or formally annexed to British India. For many years they were nominally in the administrative area of the Resident at Aden, but in 1931 administrative control was transferred to the Resident in the Persian Gulf. In this connexion please see the enclosures to our letter No. 89277/31 of the 20th May, 1931‡, and the subsequent correspondence ending with your letter No. P.Z.7139/31 of the 24th November, 1931§.

When the future status of the islands came to be considered in connexion with the transfer, it was at first proposed that they should be included among the other named

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* No. 240. † No. 237. ‡ C. 89277/31 [No. 2]: not printed.
§ C. 89277/31 [No. 15]: not printed.

dependencies of Aden in the definition of Aden in the Government of India Bill (see Walton's letter to Cowell No. P.Z.7155/34 of the 22nd November, 1934*), but the islands were not, in fact, specifically mentioned in Section 288 of the Act. The question was, therefore, left unsettled, but I believe Laithwaite had in mind that the position could be dealt with by making the islands part of the Province of Aden before the "appointed day". This would ensure that when the Order-in-Council contemplated by Section 288 of the Act came into force the islands would automatically cease to be part of British India, and become part of the Colony of Aden.

We should be glad to know what decision was ultimately reached regarding the method of dealing with these islands and whether any action which may be required has yet been put in train.

Yours, &c.,

K. W. BLAXTER.

78120/36 [No. 2].

No. 244.

MR. J. C. WALTON (INDIA OFFICE)

to

SIR AUBREY METCALFE (GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT).

(Copy received in Colonial Office 5th June, 1936.)

MY DEAR METCALFE, India Office, Whitehall, S.W.1, 4th June, 1936.

The Colonial Office have raised the question of the position of the Kuria Muria Islands in relation to the separation of Aden from British India. There is no doubt that the islands are British territory, and have always been regarded as part of Aden, (see, for instance, Bray's answer No. 149 in the Legislative Assembly on 5th September, 1929). As an administrative step, the islands were transferred to the charge of the Resident in the Persian Gulf in 1931 but this did not affect their status (see the Government of India's letter of 12th August, 1931, No. F.163-N/31 and connected correspondence).

2. It is clearly desirable that the islands should cease, with Aden, to be part of British India, and this presumably will be automatically effected by the transfer of the Chief Commissioner's Province of Aden as existing on the appointed day under Article 288 of the Government of India Act, 1935, inasmuch as their present legal status is that of one of the dependencies included in the province of Aden and despite the administrative decision of 1931. Could you let me know whether the Government of India agree that this will be the legal position? In order to remove any possible doubt that the islands are part of the Province of Aden for the purposes of Article 288, we included in our first drafts of that Article, a definition of the province of Aden: the phrase was "the settlement of Aden and its dependencies inclusive of the villages of Sheikh Othman, Imad, and Hiswa, the Island of Perim, Little Aden, and the Kuria Muria Islands"; but the definition was omitted from the final draft because the parliamentary draftsman thought it unnecessary.

3. In order to make the position clear, it might be desirable that the islands should by administrative act be transferred back to the charge of the Chief Commissioner, Aden, before the "appointed day". If you agree, we will accordingly write officially to the Government of India asking that this should be done. It does not seem to matter greatly whether actual control, so far as any is necessary, is exercised from Aden or the Gulf, but if it is felt that there are reasons of convenience in favour of the latter, the matter could no doubt be subsequently so arranged in practice, if the Colonial Office agreed.

4. Do you agree with the suggestion in paragraph 3? I am sending a copy of this letter to Fowle.

Yours, &c.,

J. C. WALTON.

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* No. 133.

78120/36 [No. 5]. No. 245.

THE SECRETARY OF STATE FOR INDIA

to

THE GOVERNMENT OF INDIA (FOREIGN AND POLITICAL DEPARTMENT).

(Dated 3rd July, 1936.)

TELEGRAM

(Copy received in Colonial Office 7th July, 1936.)

199. Walton to Metcalfe. My demi-official letter 4th June* regarding Kuria Muria Islands.

Islands have been regarded in the past as part of Aden (see e.g., Government of India telegram of 3rd May, 1929, No. 1575-S and Reilly's letter to Government of Bombay of 24th April, 1931, No. C./234), though they are not expressly named among the dependencies mentioned in the Aden Laws Regulation No. II of 1891 and No. II of 1932 or in Proclamation of Aden as a Chief Commissionership dated 31st March, 1932.

To remove any doubt as to legal position it might be desirable to issue a notification that Kuria Muria Islands are part of the Chief Commissioner's province of Aden. If this were done it would not be necessary to make any change in existing administrative position whereby any control necessary is exercised by Resident in the Persian Gulf, and Reilly would prefer that this position should continue.

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8. LIGHTHOUSES

78117/36 [No. 2]. No. 246.

THE SECRETARY OF STATE

to

THE RESIDENT.

[*Answered by No. 249.*]

(No. 147.)

Downing Street, 20th May, 1936.

SIR,

I have the honour to inform you that I have under consideration the question of what arrangements are to be made for the maintenance of the lighthouses at Aden after the Aden Settlement has been separated from British India.

2. This matter was discussed tentatively at a meeting (at which you were present) held at the India Office in August, 1933, and it was then suggested that the simplest arrangement would probably be for the Board of Trade to take over the administration of the lighthouses, possibly with a contribution from the Government of India. You will recall that at the meeting you emphasized that from the point of view of maintaining the attractiveness of Aden as a port, it was most important that the light dues should not at any rate be raised above the level at present charged by the Government of India, since the result of any increase might well be to drive traffic to Jibouti or elsewhere.

3. I propose to take the matter up with the Board of Trade, but before doing so, I shall be obliged if I may be furnished with full particulars of the arrangements at present in force and with your detailed proposals for the future. I am not aware whether the contemplated arrangements will apply also to the two lighthouses situated at Perim Island, but I shall be grateful if I may also be furnished with full information regarding the present arrangements for the maintenance of these two lighthouses.

I have, &c.,

J. H. THOMAS.

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* Enclosure 1 in 78120/36 [No. 3]: not printed.

78117/36 [No. 5].

No. 247.

THE RESIDENT
to
THE SECRETARY OF STATE.

(Received 2nd June, 1936.)

(No. 226.)

SIR, The Residency, Aden, 20th May, 1936.

I have the honour to enclose a copy of a letter that I have addressed to the Government of India (Department of Commerce) with reference to their letter No. 430–P. & L. (17)/35, dated 7th May, 1936*, addressed to His Majesty's Under-Secretary of State for India on the subject of the administration of Aden Lights after the separation of Aden from British India.

I have, &c.,

B. R. REILLY,

Resident, etc.

Enclosure in No. 247.

THE CHIEF COMMISSIONER, ADEN, TO THE JOINT SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE, SIMLA.

Subject:—Administration of the Aden Lights after the separation of Aden from British India.

(No. C835.)

SIR, The Residency, Aden, 19th May, 1936.

I have the honour to refer to your letter No. 430-P. & L. (17)/35, dated 7th May, 1936, addressed to His Majesty's Under-Secretary of State for India, a copy of which has been forwarded to me. I am entirely in agreement with your proposal that, after the separation of Aden from India, the Perim Lights should be administered by the Board of Trade, and that the Board of Trade should themselves levy dues sufficient to cover the expenditure involved. I am, however, strongly of opinion that these dues should be collected not at Aden but in the same manner as is done in the case of Jebel Tier and Abu Ail Lighthouses in the Red Sea which are at present administered by the Board of Trade. In their case contributions are received from certain Governments in varying amounts based on the proportions of mercantile tonnage under their respective flags passing through the Red Sea, and the British contribution is raised by means of light dues levied on British ships at Port Said. My authority for this statement is the accompaniment to the Board of Trade, Mercantile Marine Department, letter No. M.11844/35, dated 31st December, 1935, addressed to the Under-Secretary of State for India, a copy of which was sent to me under India Office endorsement dated 6th February, 1936.

2. The procedure that I recommend would, in my opinion, offer two advantages to the Board of Trade. In the first place, practically all ships that pass through the Suez Canal also pass through the Straits of Bal el Mandeb and therefore derive advantage from the Perim Lighthouses and ought to contribute to their upkeep. This object will be achieved by the method that I recommend, but not by the collection of dues at Aden, which port is touched by only about 25 per cent of the vessels that pass through the Red Sea. Secondly, the Aden Port Trustees consider that the abolition of the collection of light dues at Aden would be so great an advantage to the Port that I am confident that in order to facilitate this step they would be prepared to forego the contribution now paid to them by the Government of India towards the upkeep of the Marshag Lighthouse at Aden. The other Aden lighthouse (Elephant's Back) is already wholly maintained by the Aden Port Trust. I submit, therefore, that my proposal would effect both an increase in receipts and a decrease in expenditure for the Board of Trade in respect of the Aden and Perim lighthouses.

3. I am sending a copy of this letter to His Majesty's Secretary of State for the Colonies.

I have, &c.,

B. R. REILLY,

Chief Commissioner.

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* Enclosure in No. 248.

78117/36 [No. 6].

No. 248.

INDIA OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 255.*]

SIR, India Office, Whitehall, London, S.W.1, 11th June, 1936.

I am directed by the Secretary of State for India in Council to refer to Colonial Office despatch to Aden, No. 147, dated 20th May, 1936*, regarding the maintenance of the lighthouses at Aden after the separation of Aden from British India, and to transmit herewith, for the information of the Secretary of State for the Colonies, a copy of a letter from the Government of India on the same subject.

The Marquess of Zetland presumes that this matter will be discussed with Sir Bernard Reilly during the meetings about to be held at the Colonial Office, and that a representative of the Board of Trade will be invited to attend.

In the meantime a copy of the Government of India's letter is being sent to the Board of Trade for their consideration, together with a copy of this letter.

I am, &c.,

E. J. TURNER,

Secretary,

Economic and Overseas Department.

Enclosure in No. 248.

THE GOVERNMENT OF INDIA (DEPARTMENT OF COMMERCE) TO THE INDIA OFFICE.

Simla, 7th May, 1936.

Subject:—Administration of the Aden Lights after the separation of Aden from British India.

SIR,

I am directed to address you on the above subject.

2. There are four lighthouses in the territory to be included in the new colony of Aden, two at Aden, viz., Elephant's Back Light and Ras Marshag Light, and two at Perim Island, viz., High Light and Balf Point Light. The two lights at Aden are local lights managed by the Aden Port Trust, but the Government of India at present pay for half the upkeep of the Ras Marshag Light. The two lights at Perim Island are maintained by the Government of India to whom light dues in respect of them are paid.

3. At present General Lighthouse dues are levied and collected at ports in British India under the Indian Lighthouse Act, 1927. This Act applies only to British India, and when Aden is separated therefrom, it will *ipso facto* cease to apply to Aden and will accordingly provide no authority for the levy of light dues in India or in Aden in respect of the Perim Lights.

4. In 1933-34 the question of the future administration of the Aden and Perim Lights was considered by the Government of India. It was then understood that His Majesty's Government was of the opinion that the simplest arrangement would probably be that the Board of Trade should take over these lights possibly with a contribution from the Government of India. It was also understood that the Colonial Office had undertaken to consider the question with the Board of Trade. At that time the Government of India had under consideration the possibility of constituting a Statutory Body to control the lights in India and Burma after the separation of Burma from India, and they came to the tentative conclusion that it would probably be found most convenient to bring the administration of the Aden and Perim Lights as well within the purview of that authority, if and when it was constituted. There is, however, now no prospect of such a body being constituted and the Government of India have come to the conclusion that the best course would be to go back to the original idea that the Board of Trade should administer the lights in question after the separation of Aden from British India.

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* No. 246.

6. I am to say that the expenditure involved in the maintenance of these lights, based on the figures for the year 1934-35, is as follows:—

	Rs.
(1) Contribution payable to the Aden Port Trust on account of the light at Ras Marshag	6,636
(2) Maintenance charges on account of the lights at Perim Island	18,104
(3) Indirect charges—	
Pensionary charges	762
Contribution to Reserve Funds	159
	Rs.25,661

Indirect charges on account of the cost of accounting and audit work and the share of the Headquarters charges of the Government of India which item amounts to Rs.7,000/- approximately, have not, however, been taken into account, as the running of these lights will not, presumably, cost the Board of Trade anything additional. The question then arises how this expenditure is to be met. There are two alternatives:—

(i) Light dues should continue to be collected by the Government of India, at their own ports and a contribution paid to the Board of Trade to cover their expenses for maintaining these lights; and

(ii) The Board of Trade should themselves levy dues sufficient to cover the expenditure involved.

For the reason explained in paragraph 3 above, the first course does not seem to be suitable for adoption. As regards the second course, I am to say that at present light dues are levied at Aden and other British Indian ports at the following rates:—

(*a*) All ships, other than sailing ships, arriving at, or departing from, any port in British India except the vessels mentioned in (*b*) below	One anna and two pies per ton.
(*b*) Ships, other than sailing ships, calling at Aden and/or Perim and not proceeding to another port in British India	One pie per ton.
(*c*) Sailing ships	Half of the rates in (*a*) and (*b*) above.

The vessels are, however, required to pay dues at a British Indian port (including Aden) only once in thirty days.

7. In 1934-35 the total tonnage of vessels other than sailing vessels which called at Aden was 6,951,521. Of these vessels the following paid light dues, which were payable at Aden:—

	Tons.
Vessels not proceeding to or from a British Indian Port ...	4,615,752
Vessels proceeding to or from a British Indian Port	1,307,828

The following sailing vessels also paid light dues, payable at Aden:—

	Tons.
Vessels not proceeding to or from a British Indian Port ...	16,617
Vessels proceeding to or from a British Indian Port	279

If light dues had been collected at Aden from all these vessels at the rate of 1 pie per ton in the case of vessels other than sailing vessels and at the rate of ½ pie per ton in the case of sailing vessels, the total revenue therefrom would have been Rs.30,894/-. Taking into account vessels other than sailing vessels, which, having paid light dues at a British Indian port other than Aden, were not required to pay light dues at that port by virtue of section 10 (2) of the Indian Lighthouse Act, 1927, and whose tonnage amounted to about 1,026,741, excluding vessels of less than 50 tons, and assuming that light dues had been collected from those vessels also at the rate of one pie per ton at Aden, it would have brought in an additional revenue of about Rs.5,000/-. The total revenue from light dues at Aden during the year 1934-35 may thus be taken to have been Rs.36,000/- approximately. It would, therefore, appear that, if light dues were to be charged at Aden by the Board of Trade, if and when it takes over the maintenance of the lights in question, at rates equivalent to one pie per ton on vessels other than sailing vessels and half pie per ton on sailing vessels calling at Aden the collections from the vessels would cover the total cost of maintenance of the lights in question.

8. I am accordingly to suggest for the consideration of His Majesty's Government that after the separation of Aden from British India the Board of Trade should maintain the Aden and Perim lights as a separate unit and collect light dues at a rate equivalent

to one pie per ton in respect of all vessels other than sailing vessels and at a rate equivalent to half-pie per ton in respect of all sailing vessels which call at that port subject to the condition that, as at present, the vessels should not be required to pay light dues at Aden more than once in thirty days. Any extra burden on shipping visiting British Indian ports via Aden, the tonnage of which, as shown already is considerably less than the tonnage of shipping which touches at Aden but does not make for any port in the mainland of British India, will, however, be adequately compensated by the fact that the 30-day exemption period under section 10 (2) of the Indian Lighthouse Act, 1927, will begin from the time that the first British Indian port is reached and not from the time that the vessels call at Aden as at present.

In this connexion I am also to say that the trade of the port of Aden shows signs of improvement and that in years to come it should bring in an income from light dues, at the rates proposed, greater than that during the year 1934-35. I am to add that the Government of India consider that the rates suggested, which are the same as those at present obtaining in respect of vessels calling at Aden but not proceeding to or from a British Indian port, are quite fair and that no contribution need be paid by them to His Majesty's Government for the maintenance of the Aden and Perim lights.

9. I am also to say that, in the event of these proposals being accepted by His Majesty's Government, the Government of India are prepared to make over in due course to the Board of Trade a proportionate share of the various Reserve Funds of the Indian General Lighthouses and Lightships Department.

10. Finally, I am to say that, if the Board of Trade so desire, there would be no objection to repairs to the Aden and Perim lights, if any, being carried out at the Madras Lighthouse Workshops of the Indian General Lighthouses and Lightships Department and to an occasional inspection of those lights being made by a member of that Department. If either or both these arrangements would be of any material assistance to His Majesty's Government, mutually satisfactory terms could doubtless be arrived at.

11. A copy of this letter is being forwarded to the Chief Commissioner, Aden.

I have, &c.,

H. Dow,

Joint Secretary to the Government of India.

78117/36 [No. 8].

No. 249.

THE ACTING RESIDENT
to
THE SECRETARY OF STATE.

(Received 29th June, 1936.)

[*Answered by No. 259.*]

(No. 265.)

SIR, The Residency, Aden, 16th June, 1936.

I have the honour to refer to your predecessor's despatch No. 147 of the 20th May, 1936*, on the subject of the administration of the lighthouses at Aden after the separation of the Aden Settlement from British India, and to state that I have nothing further to add to the recommendations made by Sir Bernard Reilly in his despatch No. C/835 of the 19th May, 1936, to the Government of India, a copy of which was forwarded by him to the Colonial Office under his despatch No. 226 of the 20th May, 1936†.

2. As regards the levy of light dues, I would point out that Aden may have to meet with conditions as a result of the repercussions which may be felt from the intensely nationalistic policy of the nation which has occupied and intends to exploit Ethiopia which may make it necessary for Aden to fight for its very existence as a commercial port, when a reduction in, or abolition of, dues would be of the utmost help in coping with the probable intensified competition of existing or projected ports on the African coast of the Red Sea and the Gulf of Aden.

I have, &c.,

M. C. LAKE,

Acting Resident, etc.

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* No. 246.

† No. 247.

78117/36 [No. 7]. No. 250.

COLONIAL OFFICE

to

BOARD OF TRADE.

[*Answered by No. 252.*]

Downing Street, S.W.1, 30th June, 1936.

SIR,

I am directed by Mr. Secretary Ormsby Gore to invite reference to the letter from the India Office to this Office, dated the 11th June*, on the subject of the maintenance of the lighthouses at Aden after the separation of Aden from British India, of which a copy was sent to the Board of Trade. I am also to enclose, for the information of the Board of Trade, a copy of a despatch† on the subject from the Resident at Aden.

Mr. Ormsby Gore would be glad to have the observations of the Board on the subject. I am to state that Sir Bernard Reilly is at present in this country, and to suggest that opportunity should be taken to discuss the subject with him, if the Board think that such discussion would be of advantage.

I am, &c.,

H. R. COWELL.

78117/36 [No. 9]. No. 251.

BOARD OF TRADE

to

INDIA OFFICE.

(Copy received in Colonial Office, 3rd July, 1936.)

(M. 9032/36.) Mercantile Marine Department, Great George Street,

London, S.W.1, 2nd July, 1936.

SIR,

With reference to your letter of the 11th June (E. and O. 3598/36) enclosing a copy of a letter from the Government of India, dated 7th May, 1936‡, on the subject of the maintenance of the Aden and Perim lighthouses after the separation of Aden from British India, I am directed by the Board of Trade to state, for the information of the Secretary of State for India, that they have given careful consideration to the proposal that they should take over these lights and levy dues in respect of them.

The Board of Trade are already responsible for a number of lights in British Colonies, namely, the Imperial Lights in the Bahamas, the Basses (Ceylon) and Minicoy Lights, and Cape Pembroke Lighthouse, Falkland Islands, which were provided many years ago at the expense of the Exchequer at a time when the Colonies concerned were not in a position to defray the cost. These lights subsequently became a charge on the General Lighthouse Fund administered by this Department under an arrangement effected by the Merchant Shipping (Mercantile Marine Fund) Act, 1898. As a result of the War the Board have also been charged with the administration of two ex-Turkish lights at the southern end of the Red Sea, which are, however, at present supervised on their behalf by the Port Officer, Aden.

The difficulties inherent in the work of administering such distant lighthouses from a Department in London have led the Board to the general conclusion that, wherever possible, Colonial lights should be managed entirely by the local Administrations, which should be clothed, if necessary, with the power to levy light dues in respect of them. While the Board do not at present expect any relief from the duty of supervising the administration of the Red Sea lighthouses, which are supported by international contributions, they are not without hope that, in the future, some arrangement will be made under which the local Administrations concerned with the Bahamas, Basses and Minicoy Lights, above mentioned, will relieve this Department from some at least of the responsibilities attaching to those lights.

In the case of Cape Pembroke Lighthouse and that of Sombrero Island Lighthouse, which was until recently treated as a part of the Bahamas Lighthouse Service, the Falkland Islands Government and the Government of the Leeward Islands respectively have already accepted some responsibility by acting as the Board's agents for the duties of supervision and submission of accounts, the expenses incurred being reimbursed to those Governments by the Board from the General Lighthouse Fund.

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* No. 248. † No. 247. ‡ Enclosure in No. 248.

In the circumstances the Board regret that they cannot undertake the responsibility of administering the Aden and Perim lights as suggested by the Government of India.

A copy of this letter is being sent to the Colonial Office.

I have, &c.,

C. H. GRIMSHAW.

78117/36 [No. 11].

No. 252.

BOARD OF TRADE

to

COLONIAL OFFICE.

[*Answered by No. 253.*]

(M. 9032/36.)

Mercantile Marine Department, Great George Street,
London, S.W.1, 7th July, 1936.

SIR,

With reference to your letter of the 30th June* enclosing a copy of a despatch† from the Resident at Aden on the subject of the maintenance of the lighthouses at Aden and Perim after the separation of Aden from British India, I am directed by the Board of Trade to state, for the information of the Secretary of State for the Colonies, that, as indicated in their letter to the India Office of the 2nd July‡, a copy of which was forwarded to the Colonial Office on the same date, the Board regret that they cannot undertake the responsibility of administering the Aden and Perim lights as suggested.

As regards the proposal of the Resident that light dues sufficient to cover the expenditure on the Aden and Perim lights should be levied in the manner adopted in the case of Jebel Tier and Abu Ail lighthouses in the Red Sea, the Board consider that it is hardly to be expected that the foreign Governments, which agreed to provide lump sum contributions towards the cost of the two Red Sea lighthouses in view of the exceptional circumstances of that case, would agree to provide similar contributions towards the cost of upkeep of lights in a British Colony. Moreover, British shipowners would certainly object to the levy for that purpose of additional dues on British ships at Port Said in the absence of any levy at that port on foreign ships, or of lump sum contributions from foreign Governments. As the islands on which the two Red Sea lighthouses stand are of indeterminate status, and in any case are not British Colonies, it was impossible to adopt the procedure by Order in Council under Section 670 of the Merchant Shipping Act, 1894. It was only with great difficulty that contributions were obtained from certain foreign Governments, and that British shipowners agreed to the levy of dues on their ships at Port Said by the local British Consular Officer under an Order in Council made under the Foreign Jurisdiction Acts, 1890 and 1913.

The Board, therefore, consider that a discussion of the subject as suggested in your letter would not serve any useful purpose.

A copy of this letter is being forwarded to the India Office.

I have, &c.,

C. H. GRIMSHAW.

78117/36 [No. 12].

No. 253.

COLONIAL OFFICE

to

BOARD OF TRADE.

[*Answered by No. 254.*]

Downing Street, S.W.1, 23rd July, 1936.

SIR,

I am directed by Mr. Secretary Ormsby Gore to acknowledge the receipt of your letter of the 7th July§, regarding the maintenance of the lighthouses at Aden and Perim after the separation of Aden from India.

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* No. 250. † No. 247. ‡ No. 251. § No. 252.

As regards the lights at Aden, the Secretary of State is prepared to suggest to the Resident that these should continue to be maintained, after the separation, by the Aden Port Trust, with or without a subvention from the Colony of Aden to replace the contribution hitherto made by the Government of India.

The lights at Perim are, however, in a different category, and before entertaining any proposal that they should be maintained wholly from dues collected at Aden the Secretary of State would be glad to be informed to what extent these lights are of value to vessels not calling at Aden, and whether, in the event of the lights being maintained by the Colony of Aden or the Port Trust some contribution towards the cost of maintenance would be forthcoming from Board of Trade funds.

I am, &c.,

H. R. COWELL.

78117/36 [No. 14]. No. 254.

BOARD OF TRADE

to

COLONIAL OFFICE.

(M. 9032/36.)

Mercantile Marine Department, Great George Street,

SIR, London, S.W.1, 30th July, 1936.

With reference to your letter of the 23rd July*, regarding the maintenance of the lighthouses at Aden and Perim after the separation of Aden from India, I am directed by the Board of Trade to state, for the information of the Secretary of State for the Colonies, that they are advised that the two main lights on Perim Island, referred to in the second paragraph of the letter from the Government of India of the 7th May last†, are potentially of benefit to all vessels leaving and entering the southern end of the Red Sea, and not to those vessels which call at Aden more than to vessels which do not call there. In addition to these two main lights there are lights in Perim Harbour which, practically speaking, are of local value only.

As regards the question whether, in the event of the two lights being maintained by the Colony of Aden or the Aden Port Trust, some contribution towards the cost of maintenance would be forthcoming from Board of Trade funds, I am to state that the Board regret that the General Lighthouse Fund is not available for this purpose, and that they have no other funds at their disposal out of which a contribution could be made.

I have, &c.,

R. H. HAYLETT.

78117/36 [No. 15]. No. 255.

COLONIAL OFFICE

to

INDIA OFFICE.

[*Answered by No. 256.*]

SIR, Downing Street, S.W.1, 18th August, 1936.

With reference to your letter of the 11th June‡, regarding the maintenance of the lighthouses at Aden and Perim, I am directed by Mr. Secretary Ormsby Gore to transmit to you copies of further correspondence§ with the Board of Trade in the matter.

It will be seen that, although the two main lights at Perim are stated to be potentially of benefit to all vessels leaving and entering the southern end of the Red Sea, a large proportion of which do not call at Aden, the Board of Trade do not see their way to contributing any part of the cost of maintenance of these lights.

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* No. 253. † Enclosure in No. 248. ‡ No. 248. § Nos. 250 and 252.

In these circumstances I am to enquire whether, in the event of the lights being maintained by the Aden Port Trust or by the Colony of Aden, the Government of India could reconsider their decision not to make any contribution towards their maintenance. I am to suggest that, as the lights are of value to vessels proceeding to India without calling at Aden, it would be proper for the Government of India to assume some part of the charges for maintenance, leaving the remainder, in default of any other arrangement, to be met from the proceeds of light dues collected at Aden.

I am, &c.,
H. R. COWELL.

78117/36 [No. 18].

No. 256.

MR. M. J. CLAUSON (INDIA OFFICE)
to
MR. K. W. BLAXTER (COLONIAL OFFICE).

MY DEAR BLAXTER, Whitehall, S.W.1, 23rd September, 1936.

Would you kindly refer to your official letter of 18th August*, about the lighthouses at Perim? I am sorry that owing to pressure of work no action has been taken as yet on this letter, and we now feel some doubt whether it would be really worth going back to the Government of India at this stage. On the basis of the information at present available it seems certain that we should merely get a negative reply, and probably an enquiry whether the suggestions made in their letter of 7th May† had been seriously considered by His Majesty's Government.

2. The position, as we see it, is this. Hitherto the Government of India have run the Perim lights (which are in British India) as part of the Indian lighting system. They have also collected light dues at Aden as one of the British Indian ports. With the transfer of Aden Perim will cease to be British India, and its administration will be the responsibility of His Majesty's Government and not the Government of India. At the same time the revenue which comes into the Indian Lighting Fund from the collection of dues at Aden will also cease. The administration of the lights at Perim will accordingly become the responsibility of His Majesty's Government and cease to be that of the Government of India, and the financing of them will also be His Majesty's Government's responsibility. Strictly speaking, it will be a matter of indifference to the Government of India where the money for running the lights comes from, but they have in fact gone to considerable pains in their letter of 7th May to make suggestions for the consideration of His Majesty's Government, and they have (as it seems to us fairly) offered to hand over to His Majesty's Government a portion of the reserves in the Indian Lighting Fund which represents the Aden share.

3. The Government of India appear, moreover, to have demonstrated in their letter of 7th May that by charging at Aden the light dues which are at present charged there, there will in fact be sufficient money to run the lights.

4. In these circumstances it is difficult to see what valid argument there is in favour of the Government of India paying anything in respect of the Perim lights. Sir Bernard Reilly has of course suggested that the light dues at Aden should not only not be increased, but that they should be abolished in order to make Aden a more attractive port and to help it in competition with, for instance, Massawa. This is no doubt a very desirable thing, but it can hardly be argued that India should subsidize such a scheme.

5. You also use the argument that, as there are a large number of vessels which pass the Perim lights going to India or elsewhere, and do not stop at Aden, some contribution towards the cost of maintaining the Perim lights should be paid by the countries to which these ships go (i.e., so far as we are concerned, by India). This is, of course, a general argument, and one which only applies to a very small extent to India. It also presumably applies to East and South Africa, the United Kingdom, Egypt, Ceylon, China, etc., etc.

6. We would venture to suggest, in view of what I have said above, that if we are going back to India at this stage we should have a reasoned argument in favour of their paying a contribution.

Yours, &c.,
M. J. CLAUSON.

P.S.—The above letter was drafted before our meeting in your room yesterday. I send it, however, as I think it still represents our position.

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* No. 255. † Enclosure in No. 248.

78117/36 [No. 19]. No. 257.

MR. K. W. BLAXTER (COLONIAL OFFICE)

to

MR. R. H. HAYLETT (BOARD OF TRADE).

[*Answered by No. 258.*]

DEAR HAYLETT, Downing Street, S.W.1, 2nd October, 1936.

You recently attended a discussion at this Office with representatives of the India Office and Sir Bernard Reilly (the Resident at Aden) about the future management of the Aden and Perim lighthouses, and as a result of that discussion it was arranged that I should write to you semi-officially inviting you to look further into the question whether the Board of Trade can be of assistance to us in managing these lights after Aden ceases to be part of British India.

There is no difficulty about the lights at Aden itself. These will be run by the Port Trust and there is every reason to suppose that, if satisfactory arrangements can be made in regard to the other lights, viz., those at Perim Island, the Port Trust will administer the two lights at Aden without charging any light dues.

The two lights on Perim Island are, however, in our view, in a different position. Perim Island is in the Straits of Bab-el-Mandeb (one hundred miles distant from Aden) just at the narrowest point where all the shipping passing up and down the Red Sea gets the benefit of the lights. Only 25 per cent of this shipping calls at Aden. It seems to us, therefore, that these two lights are in a special position in that they serve one of the main shipping routes of the world.

The cost of maintaining these two lights is apparently about £1,500 a year, exclusive of headquarters charges in India: i.e., the local charges at Aden are about £1,500 per annum. It may be said that this is not a large sum of money and hardly justifies setting up an elaborate organization such as operates under Section 670 of the Merchant Shipping Act, 1894. The answer to this is that, whereas that amount has not been of much consequence to the Government of India as part of their general lighthouse system, it falls heavily upon the new Colony of Aden, the budget of which is likely only just to balance and may require a grant-in-aid from His Majesty's Government if there is even only a small decline in revenue. It will be a serious burden for the Colony of Aden to have to maintain these lights indefinitely from budget revenues, and the Resident and the port authorities wish to avoid charging light dues if possible. There is little doubt that in the future there will be very keen competition between Aden and the Italian ports in Eritrea and Italian Somaliland. All the knowledge we have of Italian proceedings in that area lead us to think that they will endeavour to develop their ports in Eritrea and Italian Somaliland and to attract trade from Aden as much as possible. If, therefore, light dues are levied at Aden for the purpose of maintaining the Perim lights, the attractiveness of the port may be adversely affected, especially if the Italian Government decide to levy no light dues at their ports on the opposite side of the Red Sea.

It seems to us, furthermore, to be beyond question that the procedure provided for under Section 670 of the Merchant Shipping Act is the fairest way of handling the matter. By that procedure most of the shipping which has the benefit of the lights will pay dues, whereas, if Aden maintain the lights, this will not be the case since only 25 per cent of the shipping passing through the Red Sea calls at Aden. This 25 per cent will have to pay light dues while the other 75 per cent will escape. The situation in respect of the Perim lights is very similar to, if not identical with, that of the Minicoy and Basses lights. Minicoy is almost directly on the route from Aden to Colombo and the light on that island is run by the Board of Trade, who collect light dues from all concerned. Minicoy is under the control of the Government of India, but the Government of India are not responsible for the Minicoy light. It would seem equally reasonable that for similar reasons the Perim lights should be the responsibility of the Board of Trade rather than the Colony of Aden.

You will remember that Sir Bernard Reilly told us that he anticipates no difficulty in getting the maintenance work on the lighthouses carried out for you on an agency basis by the Aden Port Trust or the officer in charge of civil works so there should not be trouble on that score. We shall be grateful if the Board of Trade can consider the matter further in the light of the foregoing comments.

I am sending a copy of this letter to Clauson at the India Office.

Yours, &c.,

K. W. BLAXTER.

78117/36 [No. 23].

No. 258.

MR. R. H. HAYLETT (BOARD OF TRADE)

to

MR. K. W. BLAXTER (COLONIAL OFFICE).

Mercantile Marine Department, Board of Trade,
Westminster, S.W.1, 13th November, 1936.

DEAR BLAXTER,

Referring to your semi-official letter of the 2nd October* and to the discussion which took place here on the 6th November about the Perim Lights, I am sending you the enclosed copy of our record of the discussion which sets out briefly some of the reasons why the Board of Trade consider that they should not be called upon to take responsibility for these lights and arrange for the collection of light dues in respect of them under the procedure contemplated in Section 670 of the Merchant Shipping Act, 1894.

A copy of this note and its enclosure is being sent to Clauson.

Yours, &c.,

R. H. HAYLETT.

Enclosure in No. 258.

PERIM LIGHTS.

Mr. Blaxter (Colonial Office) was asked by telephone to call here for the purpose of discussing the future maintenance of these lights. He called on the 6th November and saw Mr. Guttery, Mr. Grimshaw and Mr. Haylett.

The following points were mentioned on behalf of the Board of Trade:—

(1) There appeared to be no ground for the fear expressed that a light due levied at Aden for the maintenance of the two Perim Lights would adversely affect the trade of Aden in competition with the Italian ports in Eritrea and Somaliland. The Government of India had said in their letter of 7th May, 1936, that the existing due of one pie a ton at present levied under the Indian Lighthouse Act, 1927, at Aden on ships which did not call at a port in British India would, if continued under the new régime, produce a sufficient sum for the maintenance of the Perim Lights. This due of one pie a ton meant for a ship of about 6,000 tons a payment of £2 5*s.* only, and sums like this were far too small to cause any diversion of trade from Aden.

(2) Procedure under Section 670 of the Merchant Shipping Act, 1894, would involve collection of dues at the ports of a large number of Dominions and Colonies, and the adoption of this procedure, which could not be introduced without legislation in the Dominions and Colonies referred to, was an immense undertaking considering that the sum required was only about £1,500 a year. Not only would Collectors in many ports at home and abroad (including Aden) be collecting trifling sums and accounting to the Board of Trade for them in order to realize the small sum of about £30 a week, but the Board of Trade would be compelled to scrutinize all the expenditure on the lights even if the Aden Port Trust carried out the local management. It was clearly quite out of the question to set up this cumbrous machinery, even if the shipowners who would have to be consulted agreed, to collect so small a sum as £30 a week. The labour involved would be quite considerable.

(3) The Government of Aden, which would in any event have to co-operate by legislation and collection, might very well continue the existing due of one pie a ton even if a large number of the ships deriving benefit from the lights did escape payment.

(4) The position in regard to Colonial lighthouses already on the General Lighthouse Fund was explained. A bargain was made with the shipowners and given effect to in the Merchant Shipping (Mercantile Marine Fund) Act, 1898, and they subsequently agreed to special light dues for the Bahamas and Sombrero Lighthouses because those lighthouses were already on the General Lighthouse Fund by statute. Minicoy might, at first sight, appear to be an analogous case, but this light, together with other Colonial lights, was already on the Fund through having been included in the Third Schedule to the Act of 1898. Although Minicoy Lighthouse was still controlled by the Board of Trade it had been suggested by the Board, when the Indian Lighthouse Bill was under consideration,

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* No. 257.

that the Government of India might take over the lighthouse and include it in one of their districts. Section 9 of the Indian Lighthouse Act covers the provision of lighthouses *for the benefit of ships voyaging to or from British India* or between ports in British India.

(5) It was also pointed out that the introduction of the Bahamas and Sombrero dues had been attended with very great difficulty. In some cases it was only after 1½ to 2½ years that the local legislation had been passed, and there were still some important Dominion and Colonial Governments which had not yet legislated although they had been pressed repeatedly to do so. It was clear that nothing effective could be done under Section 670 by the date provisionally fixed for the partition of Aden from India. It was also mentioned that British shipowners might ask from India some small relief from the Indian light dues as a set-off to the charge of one pie a ton at Aden if this is maintained.

Mr. Blaxter said that the question of the Perim lights had assumed some importance in connexion with the calculations made for the purpose of ascertaining whether the budget of Aden as a separate Colony would balance. The provisional estimates showed that the budget would only just balance. If the lights were to be maintained from ordinary revenues this would form an addition to expenditure, and every addition might make the difference between the budget balancing and the need of going to the Treasury for a grant in aid. Mr. Guttery thought that the Treasury would probably press for the alternative of charging a light due at Aden, as suggested by the Board of Trade, if the whole position were explained to them.

Mr. Blaxter finally said that the Colonial Office had not appreciated the point that the continuance of a due of one pie at Aden meant a charge of only £2 5*s*. on a fair sized ship and he thought that this might be sufficient to justify the Colonial Office in dropping the proposal that the Board of Trade should take the responsibility involved in procedure under Section 670 of the Merchant Shipping Act, 1894.

Board of Trade,
9.11.1936.

78117/36 [No. 24].

No. 259.

THE SECRETARY OF STATE

to

THE RESIDENT.

[*Answered by No. 260.*]

(No. 386.)

SIR, Downing Street, 15th December, 1936.

I have the honour to refer to Lieutenant Colonel Lake's despatch No. 265 of the 16th of June*, on the subject of the maintenance of the lighthouses at Aden after the separation of the Aden Settlement from British India, and to enclose, for your information, copies of correspondence† on the subject between this Department, the India Office and the Board of Trade.

2. In the light of the enclosed correspondence, from which you will observe that the question has been carefully considered by the Departments concerned, I have reached the conclusion that there is no alternative but that the lights both at Aden and Perim should be maintained by the local authority. It is presumed that no difficulty will arise in respect of the lights at Aden, since these lights are already managed by the Port Trust and will presumably continue to be so managed. As regards the two lights at Perim, there seem to be two alternatives—either that they should be maintained out of the revenues of the Colony of Aden, no light dues being charged in the Port, or that light dues should be levied at the Port sufficient to provide for the maintenance of the lights. In view of the levied at the Port sufficient to provide for the maintenance of the lights. In view of the very small amount of the light dues which will be payable by any individual ship, it seems most unlikely that any shipping will be diverted from the Port of Aden, and I am therefore disposed to think that light dues at the present rate of 1 pie per ton for vessels other than sailing vessels and ½ pie per ton for sailing vessels should be continued rather than that the cost of the lights should be charged on the revenues of the Colony. As you

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* No. 249. † Nos. 250, 251, 252, 253, 254, 255, 256, 257 and 258.

are aware, the budget is only likely to balance by a small margin, and in these circumstances it seems desirable that the maintenance of the lights at Perim should be defrayed by the charge of a light due sufficient to cover the cost of running and maintaining the lights. I shall be obliged if you will inform me whether you agree to this procedure. If so, you will presumably institute the necessary arrangements.

3. If this arrangement is brought into operation, the Government of India will be requested in due course to make over a proportionate share of the reserve funds of the Indian Lighthouses Department.

I have, &c.,

W. ORMSBY GORE.

78117/37 [No. 1]. No. 260.

THE RESIDENT

to

THE SECRETARY OF STATE.

(Received 22nd March, 1937.)

(No. 104.)

SIR, The Residency, Aden, 8th March, 1937.

With reference to your despatch No. 386 of 15th December 1936* on the subject of the maintenance of the lighthouses at Aden after the separation of the Aden Settlement from British India, I have the honour to state that the procedure suggested in paragraph 2 thereof will be followed and the necessary arrangements made.

I have, &c.,

B. R. REILLY,

Resident, etc.

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9. BUDGET

78126/36 [No. 1]. No. 261.

TRANSFER OF ADEN.

PROPOSALS FOR DISCUSSION WITH SIR BERNARD REILLY.

(Memorandum prepared in the Colonial Office, 20th May, 1936.)

Estimates.

It is proposed that there should be two budgets, (A) for the Colony, and (B) for Military and Political or Protectorate matters.

(A) *Colonial Estimates.*—The Revenue would appear under the following main heads:—

(1) Income tax.
(2) Salt duty.
(3) Excise, stamps, fees, and dues.
(4) Contribution from Imperial Government.

Income tax to be collected under an Ordinance to be passed in the Colony, the rates to be roughly equivalent to the Indian rates now in force in Aden.

The contribution from the Imperial Government to include an amount in respect of the Armed Police (towards the cost of which the Treasury contributes £8,000 a year at present) and a part of the salaries and pension liability of the officers performing duties in the Protectorate.

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*No. 259.

The Expenditure would include:—

(1) Salaries and passages of the Resident, Political and Civil Secretaries, and Political Officers.

(2) Civil Services—Treasury, Justice, Education, Medical, Post Office, Works, etc.

(3) Police.

(4) Non-effective charges (pensions, etc.).

Municipal and Port affairs would remain under the same control as at present, pending further consideration.

(B) *Protectorate Estimates.*—Revenue would consist, initially, wholly of a grant from Imperial Treasury.

Expenditure would cover:

(1) The Levies.

(2) Political expenditure on subsidies, grants, etc., in the Protectorate.

(3) Expenditure in Perim.

Kamaran would be considered separately; presumably its budget would be self-balancing. In any event the administration is maintained primarily in the interests of India.

With a view to the inauguration of the new system, it is desirable that a Treasurer or Financial Secretary should be appointed to take up his duties immediately on the transfer; it would be preferable that he should actually arrive in Aden before that date, and Treasury should be asked to provide funds accordingly. He should, besides framing the Estimates and controlling the accounts, be the adviser to the Governor on all financial and monetary questions.

It is for consideration whether it will be desirable also to appoint a Legal Adviser.

78126/36 [No. 3].

No. 262.

MR. E. HALE (TREASURY)

to

MR. H. R. COWELL (COLONIAL OFFICE).

[*Answered by No. 263.*]

(S. 39341.) Treasury Chambers, Whitehall, S.W.1,

DEAR COWELL, 31st July, 1936.

Transfer of Aden.

Please refer to the printed Colonial Office memorandum* about the future Aden budget and to the discussion on the 19th June recorded in paragraphs 12 and 13 of the note of the meeting† held on that date. We have, as promised, considered the form in which the assistance to be given to the Aden Colony and Protectorate should be shown in Estimates.

2. I am afraid that we see difficulty in asking Parliament to vote a grant-in-aid for the Protectorate. As you know, grants-in-aid are immune from some of the conditions applying to money voted in the ordinary way, and money is only voted in this form for special reasons. A grant-in-aid is appropriate in the case of an ordinary Colony where most of the expenditure is met from the Colony's own revenues, but the Protectorate differs from the ordinary Colony in that, apart from some quite trifling receipts, there is no revenue and the whole of the expenditure is borne by the Exchequer subject hitherto to a contribution from India. Broadly speaking, we feel that we are not justified in invoking the grant-in-aid where the whole of the expenditure on a given purpose is to be financed by the Exchequer and where that expenditure is reasonably capable of estimate and of audit or vouching. For these reasons expenditure on the Protectorate has hitherto been voted in the normal way, and the fact that India drops out of the picture as from next April does not, we fear, afford any ground for changing over to a grant-in-aid.

3. I do not think that there is any difficulty about the Colony. We can ask Parliament to vote the Colony a contribution in the same form as that in which they have been asked to vote contributions to India in respect of the Settlement. The

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* No. 261. † No. 199.

conclusion is, therefore, that the Aden Subhead of the Colonial and Middle Eastern Vote will continue as in the past, subject to minor changes of wording.

4. There are two further points that were not mentioned at the meeting. The first is whether the new Colony of Aden should be regarded as a Treasury controlled Colony. While the sketch budget produced by Reilly brings the Colony out on the right side, it is rather a near thing, and in view of the doubts he expressed as to the future of the transit trade of the port and the salt industry, and the uncertainty as to the amount of income tax that can in practice be collected, we think that it would be better to regard the Colony as Treasury controlled until the position is a little clearer.

5. The second point relates to Perim. In the memorandum referred to at the beginning of this letter you include expenditure on Perim in the Protectorate budget. We are not clear as to the reason for this. Perim, as we understand it, is part of the Settlement, and we do not quite see why expenditure on Perim should be borne by the Exchequer and not by the Colony. It would of course be a corollary of this that any receipts from the Perim Coal Company apportioned to us in the settlement with India would go to the Colony. While I did not raise this point at the meeting, I mentioned it to Blaxter shortly afterwards.

6. I am sending a copy of this letter to Boyse.

Yours, &c.,

E. HALE.

78126/36 [No. 4].

No. 263.

MR. H. R. COWELL (COLONIAL OFFICE)

to

MR. E. HALE (TREASURY).

[Answered by No. 264.]

DEAR HALE, Downing Street, 13th August, 1936.

I have your letter of the 31st July, S.39341*, about the future Aden budget.

2. We appreciate the difficulties which you raise, and we see no objection to the continuance of the Aden subhead of the Colonial and Middle Eastern Services Vote in much the same form as in the past, subject to minor changes of wording.

3. If you agree, we propose to instruct the Governor to prepare two separate Estimates; one for the Colony, which will include amongst the revenue certain contributions from His Majesty's Government previously paid to the Government of India in respect of services rendered to the Protectorate; and the other in respect of the Protectorate services, which will cover the salaries and other expenditure to be included in the Aden subhead of the Colonial and Middle Eastern Services Vote. The latter Estimate will include provision for the payment of the above contributions from His Majesty's Government to the Colony.

4. We cannot object to the proposal that the Colony should be regarded as Treasury controlled in the first instance, but we would propose that the matter should be reconsidered if experience shows that the Colony is adequately self-supporting; and we would repeat the caution that we are pledged that the Colony shall not be called upon to make good any part of the contribution which India has in the past made to the military and political expenditure of Aden.

5. For purposes of discipline and pension it is proposed that officers serving in the Protectorate should be shown on the Colony establishment as seconded to the Protectorate; no part of their salaries will appear on the Colony estimates unless they also perform functions in the Colony.

6. As regards Perim, we agree that the expenditure will appear in the Colony estimates, on the understanding that the Colony receives the appropriate share of the payments made by the Perim Coal Company.

Yours, &c.,

H. R. COWELL.

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* No. 262.

78126/36 [No. 6]. No. 264.

MR. E. HALE (TREASURY)

to

MR. H. R. COWELL (COLONIAL OFFICE).

(S. 39341.) Treasury Chambers, Whitehall, S.W.1,

DEAR COWELL, 19th August, 1936.

Thank you for your letter of the 13th August* about the future Aden budget. We agree that the Estimates should be framed on the basis indicated in paragraph 2 of your letter.

2. As regards Treasury control, we shall be prepared to reconsider this requirement if experience shows that the new Colony is adequately self-supporting; and we appreciate the limitations imposed by the pledges that have been given.

3. Your fifth paragraph concerns Foyle. He asks me to say that he assumes that the future career of officers serving in the Protectorate will be in the Colonial Service and not in the Imperial Service. As regards pension, we assume that while the United Kingdom will pay directly the salaries of Protectorate officers, pensions will be dealt with as at present by pension contributions. No pension contribution, however, would presumably be payable in respect of the present Political Secretary, who draws an Indian pension.

4. We are glad that you have been able to accept our view about Perim.

Yours, &c.,

E. HALE.

78126/36 [No. 8]. No. 265.

THE SECRETARY OF STATE

to

THE ACTING RESIDENT.

(No. 283.)

SIR, Downing Street, 17th September, 1936.

I have the honour to inform you that I have had under consideration, in consultation with Sir Bernard Reilly and the Lords Commissioners of the Treasury, the form in which the budgets of the new Aden Colony and of the Aden Protectorate should be framed after the transfer of the control of the Aden Settlement to His Majesty's Government on the 1st April, 1937.

2. I enclose for your information the record of a meeting† held on the 19th of June last at which this question was discussed. You will observe that three possible forms which the budget could take in future have been considered:—

(1) A combined budget.

(2) One budget separated into two parts, one for the Colony and the other for the Protectorate.

(3) Two separate budgets.

3. Subsequent to this meeting, the matter has received further consideration, and it has been decided that the right course will be to have two separate budgets, one for the Colony and one for the Protectorate. The difficulty in connexion with a combined budget or a budget divided into two parts is that the Lords Commissioners of the Treasury see objection to asking Parliament to vote a grant-in-aid for the Protectorate. Grants-in-aid are immune from some of the conditions applying to money voted in the ordinary way, and money is only voted in this form for special reasons. A grant-in-aid is appropriate in the case of an ordinary Colony where most of the expenditure is met from the Colony's own revenue, but the Protectorate differs from the ordinary Colony in that, apart from some small receipts there is no revenue and the whole of the expenditure is borne by the Exchequer subject hitherto to a contribution from India.

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* No. 263. † No. 199.

The Lords Commissioners of the Treasury do not feel justified in invoking a grant-in-aid where the whole of the expenditure on a given purpose is to be financed by the Imperial Exchequer and where that expenditure is reasonably capable of estimate and of audit or vouching. For those reasons expenditure on the Protectorate has hitherto been voted as part of the Colonial and Middle Eastern Services Vote, and the fact that the contribution of the Government of India ceases as from the 1st of April next does not afford any ground for departing from the existing arrangement. The fact that the provision for Aden Protectorate services in the Colonial and Middle Eastern Services Vote will contain provision for certain contributions to the revenue of the Colony of Aden does not present any difficulty. There is no objection to asking Parliament to vote the Colony of Aden contributions for certain purposes in the same form as that in which they have been asked to vote contributions to the Government of India in respect of the Aden Settlement. The conclusion is, therefore, that the Aden Subhead of the Colonial and Middle Eastern Services Vote will continue as in the past, subject to some minor changes of wording.

4. Consideration has also been given to the question whether the budget of the new Colony of Aden should be controlled by the Lords Commissioners of the Treasury. While the skeleton budget which Sir Bernard Reilly enclosed with his semi-official letter to Sir Cosmo Parkinson of the 5th of May, 1936*, shows a small credit balance, it seems clear that any excess of revenue over expenditure is likely to be very small, and in view of the rather uncertain position regarding the future of the transit trade of the port of Aden, and the difficulty of estimating at present how much revenue is likely to be derived from the salt industry and income tax under the new regime, it has been decided that the Colonial budget should be Treasury controlled for the present until the position is clearer.

5. I shall be obliged, therefore, if you will now arrange to prepare two separate Estimates; one for the Colony, which will include amongst the revenue certain contributions from His Majesty's Government previously paid to the Government of India; and the other in respect of the Protectorate services, which, as in the past, will cover the salaries and other expenditure to be included in the Aden Subhead of the Colonial and Middle Eastern Services Vote. The latter Estimate will include provision for the payment of the above contributions from His Majesty's Government to the Colony. Expenditure at Perim will be included in the Colonial budget.

6. Both these budgets should be forwarded to me at your early convenience. The Colonial budget must necessarily be only provisional and can be prepared broadly on the lines of the draft forwarded with Sir Bernard Reilly's semi-official letter of the 5th May, 1936. A revised budget will probably be required later when a decision has been reached on certain questions which have not yet been settled and when the new Finance Officer, of whose appointment I have notified you in my despatch No. 280 of the 15th of September†, has arrived and had sufficient time to examine the position. In due course the Colonial budget will have to be embodied in an Appropriation Ordinance.

7. The Estimate for Protectorate services should be straightforward since it will follow the lines of the Estimates for this purpose which have been prepared in previous years.

I have, &c.,

W. ORMSBY GORE.

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10. PROPOSED NEW GOVERNMENT BUILDINGS

78134/36 [No. 2]. No. 266.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL M. C. LAKE (ADEN).

DEAR LAKE, Downing Street, 6th July, 1936.

In his note on various points connected with the forthcoming transfer of Aden (of which I enclose a print‡ for convenience of reference) Sir Bernard Reilly refers (page 10) to the necessity for certain new buildings.

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* No. 145. † 14145/36 [No. 59]: not printed. ‡ No. 145.

I have discussed this matter with him, and we agreed that the most urgent matter is the provision of housing accommodation for the Treasurer, the Commandant of Police, and the European officer who, it is suggested, may be appointed to replace the Extra Assistant Commissioner. (As regards this last, I should explain that we discussed, quite tentatively, a proposal to appoint a legal officer to assist the District and Sessions Judge, who may become Chief Justice of the Colony.)

Sir Bernard suggested, therefore, that you should be asked to submit officially detailed proposals for building immediately housing accommodation for these officers, to be let to them at an economic rent. We could then approach the Treasury for the necessary financial provision—which, I fear, there is little prospect of their furnishing as a free grant, and we should probably have to be content with a loan.

In this letter I have dealt only with the Colony; provision for Protectorate officers is being dealt with separately.

Consideration of the other building proposals in Sir Bernard's note must await consideration until after the transfer takes place.

Yours, &c.,

H. R. COWELL.

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11. DEFENCE

78154/36 [No. 1].

No. 267.

WAR OFFICE

to

COLONIAL OFFICE.

[*Answered by No. 268.*]

Whitehall, S.W.1, 23rd September, 1936.

SIR,

I am commanded by the Army Council to state, for the information of Mr. Secretary Ormsby Gore, that they have had under consideration the effect on Army Funds of the impending separation of Aden from India under the provisions of the recent Government of India Act with effect from 1st April, 1937.

As Mr. Ormsby Gore is aware, under the present agreement regarding Aden the Government of India contribute either a fixed sum of £150,000 or one-third of the cost, whichever is the less, towards the expenditure on political and military services at Aden of which a due proportion accrues to army funds. It has been agreed, however, that, as from the date of separation, India will cease to pay any contribution in respect of Aden and consequently army funds will cease to receive any relief from the Government of India in respect of expenditure on the military garrison there.

It is, of course, an accepted principle that a Colony should pay, so far as its means permit, for its own defence and this general liability has been defined in the various reports of the Haliburton Committee to mean that a Colony should pay at least for garrisons which are for purely Colonial needs and for its own local forces; and, further, that as long as a Colony makes no contribution towards the cost of its naval defences, it can fairly be asked to bear the full cost of any Imperial garrison which may be stationed therein provided the charge does not absorb an undue proportion of its revenue.

The Council observe from the report of a meeting held at the Colonial Office on 19th June, 1936*, to discuss the future financial arrangements at Aden, etc. (at which the War Office was not represented) that the Colonial Office representatives agreed that the new Colony of Aden, would be entitled to exist under the same conditions as any other Colony and might, in due course, be asked to make a voluntary contribution towards its defence on the same basis as any other Colony.

The cost of the military garrison for 1936 is estimated to amount to £58,000 and the Council will be glad to be informed what contribution to that cost can be expected from Aden.

A copy of this letter is being sent to the Treasury.

I am, &c.,

A. E. WIDDOWS.

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* No. 199.

150
END

78154/36 [No. 2].

No. 268.

COLONIAL OFFICE

to

WAR OFFICE.

SIR,

Downing Street, S.W.1, 6th November, 1936.

I am directed by Mr. Secretary Ormsby Gore to acknowledge the receipt of your letter of the 23rd September* regarding the expenditure on military services at Aden.

2. I am to explain that His Majesty's Government have given an assurance, to which publicity has been given in India, that the annual contribution hitherto made by India towards the political and military expenditure of Aden will in future be borne by Imperial revenues, and that no part of this charge will be imposed on the revenues of Aden.

3. In these circumstances no contribution towards the cost of the garrison can be sought from the Colony of Aden.

4. I am to add that Mr. Ormsby Gore anticipates that the margin between the revenue and expenditure of the new Colony will be small, even if it does not become necessary to apply to the Treasury for a grant-in-aid, and that he can hold out no prospect that it would be proper to suggest that the Colony should make any voluntary contribution to the cost of the garrison. As it is, it will be necessary to obtain a grant from the Imperial Treasury towards the maintenance of the armed police force, which is maintained in great part to relieve the garrison of certain responsibilities.

5. A copy of this letter is being sent to the Treasury.

I am, &c.,

H. R. COWELL.

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12. FUTURE OF ADEN SETTLEMENT AND ADEN PORT TRUST

78179/36 [No. 1].

No. 269.

MR. H. R. COWELL (COLONIAL OFFICE)

to

LIEUTENANT-COLONEL M. C. LAKE (ADEN).

DEAR LAKE,

Downing Street, 3rd July, 1936.

I have been discussing with Sir Bernard Reilly the question of the future of the Aden Settlement and the Aden Port Trust after the transfer of the administration of Aden.

It is proposed to leave these bodies unaffected by the change, so far as is possible. The Acts constituting them contain, however, certain provisions giving powers to the Government of India and to the Chief Commissioner. So far as I can foresee, it will probably be desirable to transfer to the Governor all powers at present reserved to the Government of India; we should not wish to limit the Governor's powers in relation to appointments, approval of expenditure, and the like, so far as the Settlement and Trust are concerned.

We should be glad, therefore, if you will consider, in consultation with the District Judge, what powers are at present reserved to the Government of India in relation to these bodies, and submit proposals for an enactment transferring these powers to the Governor or otherwise providing for them.

Yours &c.,

H. R. COWELL.

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* No. 267.

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